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BERNARD SHAW & KARL MARX

Bernard Shaw & Karl Marx :

A SYMPOSIUM,

1884-1889



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Introduction

A friend recently loaned me copies of *The National Reformer* [London] for August 7th, 14th and 21st, 1887, containing three articles signed "G. Bernard Shaw," entitled "Karl Marx and 'Das Kapital'" constituting a review of "Capital: A critical analysis of Capitalistic Production" by Karl Marx, a translation from the third German edition of "Das Kapital" by Samuel Moore and Edward Aveling, which had just been published in London. I thought these articles sufficiently interesting to publish in book form, as they had never been reprinted. I wrote this to the most eminent living authority on the writings of Bernard Shaw, and received the suggestion that I should add to the

volume the letter of Bernard Shaw signed "G. B. S. Larking" which Mr. Shaw wrote to *Justice* (the journal of the Social-Democratic Federation of that day) when he first read "Das Kapital," in the French translation. Mr. Shaw has confessed that he was completely carried away by "Das Kapital" as Samuel Butler was by Darwin's "Origin of Species," but that he could not make the two ends of the economic argument meet exactly, which he attributed to his own economic ignorance, and that he pointed out his difficulty in this letter to *Justice* as a joke which a skilled economist could confute easily. However, nobody did confute it. Then the late Philip H. Wicksteed, an enthusiastic exponent of the Jevonian Value Theory wrote a criticism of Marx, which appeared in a monthly magazine called *To-day*, then

in Socialistic hands. Mr. Shaw was asked to answer it, but said he did not understand it and pleaded ignorance, but finally yielded to the persuasion of the editors and undertook to reply.

When Mr. Shaw's comment on Mr. Wicksteed's article was printed (January, 1885) Mr. Shaw was assured that it was a most brilliant performance for a novice, but that he was ignorant of the subject and that it was impossible to make him understand his error. As Mr. Shaw was quite prepared to believe this, and felt that he could not without a serious breach of intellectual integrity go on preaching an economic revolution without mastering the abstract science of the subject, he joined a private economic circle to which Wicksteed acted as instructor, and sat at his feet for some years until he had the

Jevonian theory of value at his fingers' ends. It was this course of study that enabled him to write the criticism of Marx's theory in *The National Reformer* and to trace the steps by which he was led into his error when one more step would have enabled him to anticipate Jevons.

The same eminent authority also suggested the inclusion in this volume of Mr. Wicksteed's article, Mr. Shaw's reply and Mr. Wicksteed's rejoinder, and I have added another contribution to the subject, Mr. Shaw's article "Bluffing the Value Theory," which appeared in *To-day* of May, 1889.

All of these articles are reprinted from copies of *To-day* that once belonged to Mr. Shaw, who left them in his den at Fitzroy Square when he moved to 10 Adelphi Terrace in 1907.

How they escaped from this den has been told by Mr. Dan Rider in his published volume "Adventures with Bernard Shaw."

R. W. ELLIS

I

WHO IS THE THIEF?

Who is the Thief?

A LETTER

TO THE EDITOR OF JUSTICE

SIR,

I HAVE read with much pain the opening numbers of the journal which you have put forth under the sacred name of *Justice*. Do you ever reflect, when you speak harshly of our “competitive,” or *Bourgeois* civilisation, that we ourselves are products of that civilisation; that many of us are its triumphs; that our mothers and fathers are its honoured source, our wives and sisters its ornaments, and our sons and

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a weekly journal.

G. B. S. Larking

daughters its hope and its future? Civilisation is not the engine, the loom, or the pyramid; it is Man, the master of these things.

Let me put this matter to you more closely, and with economic precision. You have adopted the theory of "surplus value" put forward by the late Dr. Karl Marx, a man of great talent, but one who, with unexampled ingratitude, devoted his life to casting odium upon the civilisation whose culture he inherited, whose society he enjoyed, whose literature instructed him, whose labour supported him, whose inventions enabled him to survey the globe and to traverse its continents, in whose cradle his children slept, and in whose midst his own life was passed. His theory, as I understand it, is that the capitalist, having a monopoly of raw material and means of production, refuses to the labourers access

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to these materials and means until they agree to surrender to him the produce of their labour, minus only the smallest sum upon which they can maintain themselves and their families. I need hardly point out the preposterous absurdity of a theory which assumes that the labourer is helplessly dependent on the capitalist in the face of the axiom that labour is the source of all wealth, an axiom which no political economist has ever denied, and which Marx himself insisted on as the foundation of Socialism. How can the labourer be at the mercy of the upper and middle classes when these are admittedly dependent on the labourer for their very subsistence? But let us pass by this contradiction, which underlies all the teaching of Marx, and proceed to consider the consequences of accepting his theory. Let us

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suppose that the labourer, by working for a day, produces a table worth a pound, ten shillings of which represents the value of the wood, wear and tear of tools, rent of workshop, lighting, &c., &c., and the remaining ten shillings the wear and tear of the man, or his labour. According to Marx, the capitalist who supplies the wood, tools, workshop, &c., does so on the condition that he shall, besides being reimbursed for them by receiving ten shillings out of the price of the table, receive also, out of the other ten shillings due solely to the labourer, as large a share as he can possibly screw out of him by the threat of putting the job up to auction among his starving competitors. Let us suppose that in this way he induces the labourer to content himself with three shillings out of the ten which he has earned,

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and pockets seven shillings as profit. (I may observe here that Marx, with all his ingenuity, could never explain why a labourer should make a present of more than half his earnings to an employer who was absolutely dependent on him for all his wealth.) Our imaginary capitalist then, selling the table for its value—one pound, makes a profit of seven shillings. But mark what must ensue. Some rival capitalist, trading in tables on the same principle, will content himself with six shillings profit for the sake of attracting custom. He will sell the table for nineteen shillings; that is, he will allow the purchaser one shilling out of his profit as a bribe to secure his custom. The first capitalist will thus be compelled to lower his price to nineteen shillings also, and presently the competition of brisk young traders, believing in small

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profits and quick returns, will bring the price of tables down to thirteen and sixpence, or even lower if the reduction in price can be used as a pretext for securing another sixpence out of the labourer's three shillings. Take the price at thirteen and sixpence. If the seven shillings be indeed robbed from the labourer, then the purchaser, getting a table worth a pound for thirteen and sixpence, gets six and sixpence of the plunder, and the capitalist only sixpence; that is, the buyer is thirteen times as great a thief as the seller. But who are the buyers? Editors of *Justice*, we are the buyers, we and our parents, our sisters and brothers, our wives and children. Do these dear ones commit theft whenever they enter a shop? Do you dare to assert that the many men of whose probity England is justly proud are systematic

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thieves? For this is what your theory of surplus value comes to.

I have only to add that one result, admitted by you, of the competitive system is cheapness. I think you will hardly deny that cheapness is an inestimable blessing. For a few shillings the workman can obtain, at the American Novelty Shop, domestic appliances which Louis XIV would have sought for in vain when furnishing Versailles or Marly. For a few pence he can taste the delights of Shakespeare's page, and unlock the treasures of our noble literature. When you tell us that such beneficent cheapness is but the cheapness of stolen goods, and that we, being the receivers, are worse than the thieves, you poison our prosperity at its source, and embitter those reflections on our national greatness which were once the pride and

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the solace of Englishmen. I dare avouch that you shall never persuade us that we are either slaves or thieves. Something within us gives you the lie. We have said that "Britons never will be slaves;" we have said that "An honest man's the noblest work of God," and we mean both.

Trusting to your sense of fairness for such portion of your space (which for truth's sake I shall not call valuable, and for courtesy's sake will not call pernicious) as this letter may occupy,

I am, Sir,

Yours faithfully,

G. B. S. LARKING

390, Portland Place,
Regents Park, W.

I

DAS KAPITAL : A CRITICISM

Das Kapital

A CRITICISM

BY PHILIP H. WICKSTEED

I HAVE long wished to lay before the disciples of Karl Marx certain theoretical objections to the more abstract portions of “das Kapital” which suggested themselves to me on my first reading of that great work and which a patient and repeated study of it have failed to remove.

The Editors of *To-Day* with equal candour and courtesy, have given me the opportunity I sought; and my first duty is to thank them for opening the pages of

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their Review to a critical analysis of the teaching of the great Socialist thinker. The sense of obligation will be more than doubled if any student of Marx should think my criticisms deserving of a reply; for while making no illusions to myself as to the probability of serious and matured convictions being shaken, on either side, by such a controversy, I am none the less persuaded that in studying so profound and abstruse a work as "das Kapital," neither disciples nor opponents can afford to neglect the side lights that may be thrown upon the subject by any earnest and intelligent attempt to analyse and discuss it from a point of view differing from their own.

As a challenge, then, to a renewed study of the theoretical basis of "das Kapital" the following remarks may perhaps be re-

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garded as not altogether out of place in *To-Day*, even by those Socialists who are most convinced that a vigorous propaganda rather than a discussion of first principles is the specific work to which the Socialist press is now called.

It has been held by Economists of the most widely divergent schools that the wages of manual labour normally tend, under existing conditions, to sink to a point at which they barely suffice to support existence and allow of reproduction; and that the only means (always under existing conditions) by which wages could be permanently raised would be a collective refusal on the part of the working-classes to live and propagate on the terms at present granted—*i.e.* a raising of the standard of minimum comfort. This position—which I do not stay to examine—is

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accepted by Marx (*Das Kapital* pp. 155-163 [73-75]).¹

But if his results coincide, in this respect, with those of the old school of Economics, the grounds on which he rests them are of course entirely different.

In the Malthusian philosophy the reason why wages steadily tend to the minimum allowed by the "standard of comfort" (*aliter dictum*—to starvation point) is sufficiently obvious. It is a law not of society but of nature. The point of "diminishing returns" has been reached and passed, and every additional labourer whom the increase of population throws upon the field reduces the average produc-

¹ I cite from the second German edition (1872), which is probably the one in the hands of most of my readers. References to the French translation are added in square brackets.

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tiveness of labour, so that there really is less wealth per head to be consumed, and each labourer, of course, gets less for himself. This is supposed to go on until the labourers refuse to add to their numbers (standard of comfort check) or are unable to do so because their children can not live (starvation check).

On the monstrous assumptions of Malthusianism all this is obvious enough; but it need hardly be said that Marx does not grant these assumptions, and must therefore find some other explanation of the phenomenon they are called on to account for. It is not in the material environment of humanity, but in the social and industrial organisation of capitalistic societies that we must look, according to Marx, for the reasons that force men to accept starvation wages.

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What is it, then, in the conditions of modern industrialism that compels the producers of all wealth to make such hard terms with the non-producers? What is it that constantly fills the markets with men willing and anxious to sell their "labour-force" for the wages of bare subsistence?

As far as I can see, Karl Marx gives two distinct and disconnected answers to this question. In the later portion of "das Kapital," (I speak of course of the single volume published), he shews how the alternate expansions and contractions of the several branches of industry, aggravated by the disturbances caused by the introduction of "labour-saving" machinery and so forth, tend constantly to throw upon the market a number of unemployed labourers, who will offer their "labor-force" to the purchaser at prices barely adequate

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to support existence. All this seems to me worthy of the most earnest attention; but it is not my present purpose to dwell upon it further; for according to Marx there is a deeper cause of the phenomenon we are examining, immanent in the very fact of the purchase of "labour-force" in the market at all, and essentially independent of any such influences as I have just referred to which may depress or disturb that market when once established. It is to this alleged inherent necessity of "capitalistic"² production that I wish to direct attention.

² Throughout his argument in the published volume of "das Kapital" Marx deals with the "capitalist" simply as an employer of labour, reserving for future treatment not only the merchant, but the possessor and investor of money who draws interest from it without personally engaging in any industrial or commercial pursuit (pp. 148, 149, [69 b., 70 a.]). Now it is the investor of money, as such, whom recent English-writing economists such as Sidgwick and Walker, have agreed (as it seems to me

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I must ask leave to restate the main positions which lead up to Marx's conclusions in the order which will be most convenient for subsequent analysis. According to Marx, then, the (exchange) value of wares is determined by the amount of

with good reason) to call the "capitalist," in contradistinction to the employer of labour, or the trader, who may or may not be his own capitalist. On this, however, I do not insist. Marx is justified, from his point of view, in using the term as he does, for he regards the function of the employer of labour, *i.e.* the purchase of labour-force and the employment of it in producing "utilities," "commodities," or "wares," (*vide infra*) as the sole normal source of that "surplus value" which is subsequently divided up into rent, interest, and profit (pp. 204, 205, 210, cf. 195 *note* [92 b., 94 b., cf. 88 a. *note*]). According to him, therefore, the function of the "rentier" or receiver of interest is merely a derived form of the function of the "entrepreneur" or employer of labour, and it is this latter who is the "capitalist," *par excellence*, the prime recipient or extractor of all the wealth which labour creates, but which the labourer does not receive. Marx is perfectly aware, though I am not sure that his disciples always remember it, that this view of the origin of all "surplus value" appears to stand in glaring contradiction to ex-

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labour necessary on the average to produce them, and in the last resort their average selling price depends upon their value (pp. 52, 81, 151 *note* 37, &c. [30 a., 42 a., 70 b. *note*, &c.]) so that in dealing with normal relations we must always assume that

perience and to the historical order in which the successive forms of capital have been evolved, and that this apparent contradiction can only be removed by a long chain of reasoning which is *not* given in the published volume of "das Kapital," though it seems to be promised in a future portion of the work (pp. 312, cf. 148, 149, 203, [133 a. cf. 69 b., 70 a., 92 b.]); but again I have no intention of insisting upon this, as my purpose is not to enquire whether Marx's explanation of the phenomena of capitalistic industry is adequate, but whether the fundamental analysis upon which it rests is sound.

With reference to the terms "commodity" and "ware," which will frequently occur in this article, it may be noticed that Marx's use of the word *Gebrauchswerth* for concrete objects exactly corresponds to Jevons's definition of a *commodity*. "By *commodity* we shall understand any object, substance, action or service, which can afford pleasure or ward off pain," (Theory of Pol. Ec. p. 41) except that Marx would substitute "labour-force, &c." for "action or service." It seems a pity that "utili-

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whatever is sold or purchased, is sold or purchased at its full value and no more.

The manufacturer, then, must be supposed to sell his product at its value, which is as good as to say that he receives a sum of money for it representing the number of days of labour required to produce it. But he must also be supposed to have purchased all the machines, raw material, labour force, &c., necessary to production at their value, *i.e.*, he must have given as much money for them as represents the

ties" as a designation of concrete objects is not sanctioned by English usage. Marx uses *Waare* to signify a commodity or "utility" *which was made expressly with the view of exchanging it*, not of using it directly, (p. 15). It seems to me that *ware* is the proper English for this, though there are indications that Marx himself might perhaps have translated it "commodity" a term which in English writers certainly does not carry the *differentia* of his *Waare*. Passages bearing on the correct translation of *Waare* will be found on pp. 15, 17, 55, 61, 63, 111, 137, &c. of *Das Kapital*.

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number of days of labour needed to produce them. Now if we take any one of these necessities of production, such as the coal needed to work the engines, and enquire into the relation in which it stands to the value of the product, the problem seems to be a very simple one. In as much as a certain amount of coal must be burned before so much cotton cloth can be produced, the labour expended in getting the coal is in reality a part of the labour expended in producing the cotton cloth, and in estimating the value of the cotton cloth, we must reckon in so many days' labour expended in getting coal. The cloth, then, is more valuable than it would have been had the coal been unnecessary to its production by the precise amount of labour needed to produce the coal; but by hypothesis this is exactly represented by the

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money paid for the coal, so that the price of the coal (if purchased at its value) will reappear in the price of the cloth (if sold at its value)—so much *and no more*. The same reasoning will apply to the machinery, raw cotton, and so forth. The labour needed to produce each of these is labour needed to produce the cotton, and the fact that they are all necessary to the production of cotton enhances the value of cotton by precisely the amount of their own value—so much *and no more*. But when we come to labour-force, the case is different. Labour-force, like every other ware, has its value determined by the amount of labour needed to produce it. Now the amount of labour needed to produce, say, a day's labour-force, is the amount of labour needed to produce food, clothing, &c., &c., adequate to maintaining the la-

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bourer in working condition for one day, allowance being made for the support of a number of children adequate to keeping up the supply of labourers, and so forth. Our capitalist then goes into the market and purchases labour-force *at its value*.³ We may suppose, for the sake of argument, that this value represents six hours' work, *i.e.*, that it would need so much work to provide the labourer with all things needful to keep him in working condition for one day. The capitalist, then, by expending a sum of money representing six hours' work has purchased at its value, and becomes the possessor of, a day's labour-

³ He may, and often does, purchase it below its value, but the abstract argument assumes the contrary as the normal condition of things. It is essential that this should be quite clearly understood. (Cf. pp. 150, 151, 207. *Da der Werth des variablen Kapitals = Werth der von ihm gekauften Arbeitskraft*, and [70 and 93, b.] *passim*).

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force. It is now at his absolute disposal, and on the supposition that a man can work eight or ten hours a day without any undue strain upon his system, (so that the labour-force, the value of which the capitalist has paid, is labour-force capable of being applied over eight or ten hours), it is obvious that the capitalist will realise a gain of two or four hours' work. He (virtually) puts into the labourer (in the shape of food, clothing, &c.), a value representing six hours' work, and in virtue of this transaction, he causes the labourer to put eight or ten hours' work into the cotton. Hence the result that, though he buys all the things needful to the production of the cotton (including labour-force) *at their value*, and sells his cotton *at its value*, yet *more value comes out than goes in*. This "more" is the "surplus value" to secure

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which is the capitalist's aim, and from which interest, rent and profit are ultimately cut out as so many slices.

The production and appropriation of this surplus value is, according to Marx, the immanent law of capitalistic production, and no mere incidental development of it. ¹ If the extraction of surplus value from the application of labour-force were rendered impossible, the capitalist would lose his sole motive for engaging in his peculiar form of production at all.

I believe this is a fair summary of Marx's argument, and if so, its essential positions are as follows:—

¹ Ist. The (exchange) value of a ware is determined by the amount of labour needed on the average to produce it.

2nd. There is such a degree of correspondence between the value of a ware

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and its average selling price, that for theoretical purposes we must assume that nominally wares are bought and sold at their values.

3rd. Labour-force is (in our industrial societies) a ware subject to the same laws and conditions of value and exchange as other wares.

Whether Marx's conclusions can be logically deduced from these positions or not is a question which I will not attempt to answer now, for I am concerned with the positions themselves. Against the second (when a correct definition of value has been reached) I have nothing to urge. It is the first and third that I wish to test.

With reference to the theory of value, it will be convenient to follow Marx in his fundamental analysis of the process of exchange.

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He begins by pointing out that the fact of two wares being exchangeable (no matter in what proportion) implies of necessity both *Verschiedenheit* and *Gleichheit*, i.e., that they are *not identical*, (else the exchange would leave things exactly where it found them), and that they are different manifestations or forms of *a common something*, (else they could not be equated against each other). In other words, things which are exchangeable must be *dissimilar in quality*, but yet they must have some common measure, by reduction to which the equivalent portions of each will be seen to be *identical in quantity*.

Now with regard to the qualitative dissimilarity, I do not see that there is any room for difference of opinion. It consists in the divergent nature of the services rendered by the respective wares. Cast-iron

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nails and new laid eggs differ in respect to their "value in use." They serve different purposes. Even a red and a blue ribbon, though they both serve purposes of adornment, are capable each of rendering some particular services of adornment under circumstances which would make the other a mere disfigurement. I agree with Marx, then, that the *Verschiedenheit* of the wares is to be found in the respective *Gebrauchswert* of each, or, as I should express it, *commodities differ one from another in their specific utilities.*

But in what does the *Gleichheit* consist? What is the *common something* of which each ware is a more or less? Marx replies that to get at this something, whatever it is, we must obviously set on one side all geometrical, physical, chemical, and other natural properties of the several wares, for

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it is precisely in these that they differ from one another, and we are seeking that in which they are all identical. Now in setting aside all these natural properties, we are setting aside all that gives the wares a value in use, and there is nothing left them but the single property of being *products of labour*. But the wares, as they stand, are the products of many *different kinds* of labour, each of which was engaged in conferring upon them the special physical properties in virtue of which they possess specific utilities. Now to get at that in which all wares are identical we have been obliged to strip off all these physical properties in which they differ, so that if we still regard them as products of labour, it must be labour that has no specific character or direction, mere "abstract and indifferent human labour," the expenditure

of so much human brain and muscle, &c. The *Gleichheit*, then, of the several wares consists in the fact that they are all products of abstract human labour, and the equation x of ware A = y of ware B, holds in virtue of the fact that it requires the same amount of abstract human labour to produce x of ware A or y of ware B (pp. 12, 13, Cf. 19, 23, sqq. [14b, 15a, Cf. 17a, 19 sqq.]).

Now the leap by which this reasoning lands us in labour as the sole constituent element of value appears to me so surprising that I am prepared to learn that the yet unpublished portions of "das Kapital" contain supplementary or elucidatory matter which may set it in a new light. Meanwhile the analysis appears to be given as complete and adequate, so far as it goes, and I can therefore only take it as I find it and try to test its validity. But

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instead of directly confronting it with what seems to be the true analysis of the phenomenon of exchange, I will follow it out a little further, and we shall see that Marx himself introduces a modification into his result, (or develops a half-latent implication in it), in such a way as to vitiate the very analysis on which that result is founded, and to lead us, if we work it out, to what I regard as the true solution of the problem.

A few pages, then, after we have been told that wares regarded as "valuables" must be stripped of all their physical attributes, *i.e.* of everything that gives them their value in use, and reduced to one identical spectral objectivity, as mere jellies of undistinguishable abstract human labour, and that it is this abstract human labour which constitutes them valuables, we find

the important statement that *the labour does not count unless it is useful* (pp. 15, 16, 64 [16a, 35a]). Simple and obvious as this seems, it in reality surrenders the whole of the previous analysis, for if it is only useful labour that counts, then in stripping the wares of all the specific properties conferred upon them by specific kinds of useful work, we must not be supposed to have stripped them of the abstract utility, conferred upon them by abstractly useful work. If only useful labour counts then when the wares are reduced to mere indifferent products of such labour in the abstract, they are still *useful* in the abstract, and therefore it is not true that "nothing remains to them but the one attribute of being products of labour (p. 12 [14b.]), for the attribute of being useful also remains to them. In this all wares are alike.

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Armed with this result let us return to the fundamental analysis of the phenomenon of exchange.

The exchange of two wares implies a heterogeneity (Verschiedenheit) and a homogeneity (Gleichheit). *This is implied in the fact that they are exchangeable.* And here I must challenge the attention of students of "das Kapital" to the fact that the analysis by which "labour" is reached as the ultimate constituent element of (exchange) value, starts from the naked fact of exchangeability and is said to be involved in that fact. It is true that in the instances given by Marx the articles exchanged are wares, (*i.e.*, commodities which have been produced for the express purpose of exchange), and moreover wares which can practically be produced in almost unlimited quantities. It is true also

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that Marx elsewhere virtually *defines* value so as to make it essentially dependent upon human labour (p. 81 [43a.]). But for all that his analysis is based on the bare fact of exchangeability. This fact alone establishes *Verschiedenheit* and *Gleichheit*, heterogeneity and homogeneity. Any two things which normally exchange for each other, whether products of labour or not, whether they have or have not what we choose to *call* value, must have that "common something" in virtue of which things exchange and can be equated with each other; and all legitimate inferences as to wares which are drawn from the bare fact of exchange must be equally legitimate when applied to other exchangeable things.

Now the "common something," which all exchangeable things contain, is neither

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more nor less than abstract *utility*, *i.e.*, power of satisfying human desires. The exchanged articles differ from each other in the *specific desires* which they satisfy, they resemble each other in the *degree of satisfaction* which they confer. The *Verschiedenheit* is qualitative, the *Gleichheit* is quantitative.

It cannot be urged that there is no common measure to which we can reduce the satisfaction derived from such different articles as Bibles and brandy for instance, (to take an illustration suggested by Marx), for as a matter of fact we are all of us making such reductions every day. If I am willing to give the same sum of money for a family Bible and for a dozen of brandy, it is because I have reduced the respective satisfactions their possession will afford me to a common measure, and

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have found them equivalent. In economic phrase, the two things have equal abstract utility for me. In popular (and highly significant) phrase, each of the two things is *worth* as much to me as the other.

Marx is therefore wrong in saying that when we pass from that in which the exchangeable wares differ (value in use) to that in which they are identical (value in exchange), we must put their utility out of consideration, leaving only jellies of abstract labour. What we really have to do is to put out of consideration the concrete and specific qualitative utilities in which they differ, leaving only the abstract and general quantitative utility in which they are identical.

This formula applies to all exchangeable commodities, whether produceable in indefinite quantities, like family Bibles and

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brandy, or strictly limited in quantity, like the "Raphaels," one of which has just been purchased for the nation. The equation which always holds in the case of a normal exchange is an equation not of labour, but of abstract utility, significantly called *worth*. The precise nature of this equation we shall presently examine; but let it be observed, meanwhile, that "labour" is indeed one of the sources (not the only one) alike of value in use (specific utility) and value in exchange (abstract utility), but in no case is it a constituent *element* of the latter any more than of the former. A coat is *made* specifically useful by the tailor's work, but it *is* specifically useful (has a value in use) because it protects us. In the same way, it is *made* valuable by abstractly useful work, but it *is* valuable because it has abstract utility.

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Labour, in its twofold capacity of specifically useful work (tailoring, joinering, &c.) and abstractly useful work, *confers* upon suitable substances both *Gebrauchswerth* (value in use) and *Tauschwerth* (value in exchange), but it is not an element of either.

I venture to think that if any student of Marx will candidly re-peruse the opening portion of "das Kapital," and especially the remarkable section on "the two-fold character of the labour represented in wares" (pp. 16-21 [16-18]), he will be compelled to admit that the great logician has at any rate fallen into formal (if not, as I believe to be the case, into substantial) error, has passed unwarrantably and without warning, from one category into another, when he makes the great leap from specific utilities into objectivised abstract labour (p. 12 [14 b.]) and has given

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us an argument which can only become formally correct when so modified and supplemented as to accept *abstract utility* as the measure of value.

But to many of my readers this will appear to be an absurd and contradictory conclusion. 'When all is said and done,' they will think, 'we know that as a matter of fact the exchange value of all ordinary articles *is* fixed by the amount of labour required to produce them. It may be true that *I am willing to give* equal sums for A and B because they will gratify equally intense or imperious desires, but, for all that, the reason why *I have to give* equal sums for them, and why *I can get them* for equal sums is that it took equal amounts of labour to produce them; and the proof is that if owing to some new invention A could be made henceforth with half the

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labour that it requires to make B it would still perform the same service for me as it did before, and would therefore be equally useful *but its exchange-value would be less.*'

It is the complete and definitive solution of the problem thus presented which will immortalise the name of Stanley Jevons, and all that I have attempted or shall attempt in this article is to bring the potent instrument of investigation which he has placed in our hands to bear upon the problems under discussion. Under his guidance we shall be able to account for the *coincidence*, in the case of ordinary manufactured articles, between "exchange value" and "amount of labour contained," while clearly perceiving that exchange value itself is always immediately dependent, not upon "amount of labour," but upon abstract utility.

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The clue to the investigation we are now to enter on is furnished by the combined effects of "the law of indifference" and "the law of the variation of utility." (See Jevons "Theory of Political Economy," pp. 98 and 49). By the former of these laws "when a commodity is perfectly uniform or homogeneous in quality, any portion may be indifferently used in place of an equal portion; hence, in the same market, and at the same moment, all portions must be exchanged at the same ratio"; and by the latter, each successive increment of any given commodity (at any rate after a certain point has been reached) satisfies a less urgent desire or need, and has therefore a less utility than the previous increment had. For example, one coat possessed by each member of a community would satisfy the urgent needs of protec-

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tion and decency; whereas a second coat possessed by each member would serve chiefly to satisfy the less urgent needs of convenience, taste, luxury, &c. Now in a community every member of which possessed two coats already, a further increment of coats would (*ceteris paribus*) satisfy a less urgent need, possess a less utility, and therefore have a lower exchange value than would be the case in a community each member of which possessed only one coat; and, by the "law of indifference," all coats (of identical quality) would exchange with other goods at this lower ratio. Thus the abstract utility of the last available increment of any commodity determines the ratio of exchange of the whole of it. The importance of these facts in their bearing on our problem, I must endeavour briefly to indicate, while

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referring to Jevons for their full elaboration.

Exchange value is a phenomenal manifestation (conditioned by our present social and industrial organisation) of *equivalence of utility*, which equivalence of utility would, and does, exist even under industrial conditions which render its manifestation in the particular form of exchange value impossible. Let us, then, try to track it down on ground where it is less surrounded by complications and prejudices than it is at home. "All the mystery" says Marx, "of the world of wares, all the false lights and magic which play about the creations of labour when produced as wares, disappear at once when we have recourse to other forms of production. And since Political Economy delights in Robinsoniads, let us begin with Robinson on

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his island." (p. 53 [30]). I accept this invitation, and proceed to make my own observations on what I see.

Robinson, then, has to perform various kinds of useful work, such as making tools or furniture, taming goats, fishing, hunting, &c.; and although he does not ever exchange things against each other, having no one with whom to exchange, yet he is perfectly conscious of the equivalence of utility existing between certain products of his labour, and as he is at liberty to distribute that labour as he likes, he will always apply it where it can produce the greatest utility in a given time. The need of food being the most urgent of all needs, his first hours (if we suppose him to start with nothing) will be devoted to procuring food, but when he has got some little food, a further increment of it, however accept-

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able it would be, is not so necessary as the first instalment was, and will therefore not be so useful. By devoting a few hours to the search for or construction of some rude shelter he will now be producing a greater utility than he could produce in the same time by obtaining more food; and thus he continues always producing so much of what he wants most that the next increment would have a less utility than some other thing which it would take the same time to secure. He has arrived at a state of equilibrium, so to speak, when his stock of each product is such that his desire for a further increment of it is proportional to the time it would take to produce it, for when this state of things is realised, equal expenditures of labour wherever applied would result in equal utilities.

Let us now take the case of an industrial

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community the labour of which is directed to the immediate supply of the wants of its own members, without the intervention of any system of exchange, and let us suppose, for instance, that it takes a working member of such a community four days to make a coat and half a day to make a hat. We will put all other branches of industry out of consideration, we will suppose that at a given moment the members of the community are, owing to some special cause, equally ill-provided with coats and hats, and that under the climatic and other conditions to which they are subject, it would cause them equal discomfort to go without coats or without hats. A hat is, therefore, at the present moment, as useful as a coat and it only takes one eighth of the time to make it. Labour will therefore be directed to hat-making rather than to coat-

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making; for why should I spend four days in producing a certain utility when I could produce another utility exactly equivalent to it in half a day? But when a certain number of hats have been made the inconvenience caused by the insufficient supply becomes less acute, whereas the want of coats is as great as ever. Additional hats, therefore, would no longer be as useful as the same number of additional coats, but would be, say, half as useful. But since a man can produce eight hats in the time it would take him to make one coat, and since each hat is worth half as much (*i.e.* is half as useful) as a coat, he can still produce four times the utility by making hats which he could produce in the same time by making coats. He therefore goes on making hats. But the need of hats is now rapidly diminishing, and the time soon

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arrives when additional hats would be only *one eighth* as useful as the same number of additional coats. A man can now produce equal utilities in a given time whether he works at coats or hats, for though it will take him eight times as long to make a coat as to make a hat, yet this coat when made will be as useful as eight hats, it will be *worth* eight hats to the community. Equilibrium will now be established, because the stock of coats and hats is such that the utility of more coats would be to the utility of more hats as the time it takes to make a coat to the time it takes to make a hat. But observe a coat is not worth eight times as much as a hat to this community, because it takes eight times as long to make it, (that it always did, even when *one* hat was worth as much to the community as a coat)—but the com-

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munity is willing to devote eight times as long to the making of a coat, because when made it will be worth eight times as much to it.

The transition to the industrial conditions under which we actually live is easy. Indeed it is already contained in the word "worth." The popular instinct has appropriated this word to the "common something" which all exchangeable commodities embody, irrespective of the industrial conditions of their production and of the commercial conditions of their circulation and consumption. From my own individual stand-point I may say that A is worth as much to me as B, *i.e.*, that there is to me an *equivalence of utility* between A and B, though their specific utilities may be wholly unlike. From the stand-point of communistic or patriarchal economies, I

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might use the same language with the same meaning. A is worth as much to the community as B, *i.e.*, there is an equivalence of utility to the community between A and B. Lastly from the point of view of a commercially organised society in which no man's wants are reckoned unless he can give something for their gratification, (the ordinary point of view) we may say "A and B are *worth* the same," = "there is an equivalence of utility to 'the purchaser' between A and B," = "there are persons who want more A and persons who want more B; and the desire for more A on the part of the former (as measured against their desire for other commodities), is equivalent to the desire for more B on the part of the latter, measured in the same way" = "the (exchange) values of A and B are equal."

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One point remains to be cleared up. In the case of manufactured articles, such as hats and coats for instance, there is always a certain stream of supply flowing, and when we speak of "the desire for more hats," we must be understood to mean, not the desire on behalf of purchasers for more hats *than they have*, but their desire for more hats *than are being supplied, i.e.*, the pressure (or rather suction) which seeks to widen supply. By the "law of indifference" it is the force of demand *at the margin* of supply which determines the exchange value of the whole. For example, a watch of a certain quality is *worth* £15 to me, *i.e.*, it would have as great a utility to me as anything else which I have not got, and which I could obtain for £15. But watches of the quality in question are now being supplied to the commercial society

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of which I am a member at the rate of fifty *per diem*, and the ranks of the men to whom such watches are worth £15, are only recruited at the rate of ten *per diem*. The ranks of those to whom they are worth at least £10 are, however, recruited at the rate of fifty *per diem*, *i.e.*, the worth or utility of watches of such and such a quality, supplied at the rate of fifty *per diem*, is, at the margin of supply, £10, and therefore by the "law of indifference" all the watches exchange at that same rate. A desire for *all* the watches that are available (theoretically identical with the desire for an infinitesimal increment of watches *beyond* what are available) is felt by persons to whom each watch has a utility represented by at least £10. A desire for *some* of the watches (but not all) is felt by persons to whom each watch would

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have a utility represented by some larger amount, in some cases perhaps £15 or even more, but this high utility of watches to *some* people does not affect their utility at the margin of supply, and therefore does not affect their exchange value. Thus, while value in exchange is rigidly determined by value in use, yet it may happen that any number of persons short of the whole body of purchasers, may obtain for £10 each watches which have a utility *for them* represented by something more than £10. It is needless to add that the "margin of supply" may be fixed by the holding back from the market of a certain part of the commodities in question by the traders, or by the deliberate limitation of the production by the manufacturers, or by the physical limits imposed on the manufacture, or perhaps by other causes. This does not affect the matter.

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Let us now take up the problem from the other side. Watches are being produced at the rate of 50 *per diem*, and they are worth £10 each when produced. It requires, say, twelve days' labour to produce a watch, and (due allowance being made for the quality of the labour, (cf. *das Kapital* p. 19 [17 a.]) we will suppose there is no other direction which could be given to this labour by which in the same time it would produce anything worth more than £10, *i.e.*, having a greater utility at the margin of supply than the watch has.

Now suppose an improvement in the manufacture of watches to be made which saves 25 per cent. of the labour. This does not in itself affect the utility of watches, and therefore nine days' labour applied to watch making will now produce as great a utility as twelve days applied to

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any other industry. Anyone who has the free disposal of labour will of course now apply it to watch-making, but the watches he makes *will no longer be as useful* as watches have been hitherto, and for the following reason. There are more watches available now than there were formerly. If they are all to be bought (or indeed used) they must some of them be bought (or used) by persons to whom (in comparison with other things) they are *less useful* than the watches formerly sold were to their purchasers. All the persons to whom a watch was as useful as 200 lbs. of beef (supposing beef to be a shilling a pound), or anything else they would get for £10, are already supplied (or are being continuously supplied as they continuously appear), and if more watches are sold it must be to persons to whom they are only as

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useful as, say, 180 lbs. of beef would be. A man to whom *one* watch was as useful as 200 lbs. of beef, but to whom a second watch in the family (though a great convenience), was not so imperiously required as the first, will now determine to buy a second watch which *will be less useful* than the first, but still as useful as 180 lbs. of beef. Others to whom even a single watch would not have been as useful as the greater amount of food, purchase one now because it is as useful as the smaller amount. The usefulness of a watch at the margin of supply is now represented by £9. The value of watches has fallen, *not because they contain less labour*, but because the recent increments have been *less useful*, and by the "law of indifference" the utility of the last increment determines the value of the whole.

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Still however there is an advantage in making watches. Nine days' labour applied in any other direction would only produce a utility represented by £7 10s., whereas if applied to watch making it will produce a utility represented by £9. Labour free to take any direction will still be directed to watch making, and by increasing still further the number of watches available, will again lower their *usefulness* (measured by its ratio to the usefulness of other things) at the margin of supply, till at last there are so many watches already in the possession of those to whom they are useful, or in the normal stream of supply, that any further increment of watches would not be more useful to anyone than 150 lbs. of beef or a dress suit, or a sofa, or new clothes for the children, or something else which he wants, which he has not got,

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and which he can get for £7 10s. When this point is reached equilibrium is restored. Nine days' labour produces a utility represented by £7 10s., whether devoted to watch making or anything else. The value of the watch now coincides with the amount of labour it contains, yet it is not worth £7 10s., neither more nor less, because it contains nine days of a certain quality of labour, but men are willing to put nine days and no more of such labour into it, because when made it will be worth £7 10s., and it will be worth that sum in virtue of its utility at the margin of supply which by the "law of indifference" determines its exchange value.

The correctness of this theory of value may be tested in another way. Utility arises from the power possessed by certain things of gratifying human desires. We

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have seen that as these things are multiplied, the desires to which each successive increment ministers, become relatively less intense, by which their utility at the margin of supply (called by Jevons their "final utility,") is lowered. We have seen that this "law of variation of utility" fully accounts for all the phenomena of supply and demand and for the coincidence, in the case of articles that can be indefinitely multiplied, between the relative amounts of labour they contain and their relative values. But if utility is the real constituent element of value, there must be another aspect of the question. Utility rising out of a relation between human desires and certain *things* (whether material or immaterial), must be affected by any modification either in the things or in the desires. We have seen that in many cases labour

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can indefinitely modify the number of the things, and by so doing can modify their (final) utility, and so affect their value. But there are other things which are normally exchanged (and which we must therefore regard as containing that "common something" which is implied in every equation of exchange, and to which it is the height of arbitrariness to refuse the name of "value"), the number and quality of which labour is powerless to affect; and yet they too rise and fall in value. Such are specimens of old china, pictures by deceased masters, and to a greater or less degree the yield of all natural or artificial monopolies. The value of these things changes because their utility changes. And their utility changes, not because of any change in their own number or quality, but because of a change in the desires to

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which they minister. I cannot see how any analysis of the act of exchange, which reduces the "common something" implied in that act to *labour* can possibly be applied to this class of phenomena.

We have now a theory of value which is equally applicable to things that can, and things that can not, be multiplied by labour, which is equally applicable to market and to normal values, which moves with perfect ease amongst the "bourgeois categories" that have been prominent in the latter part of our argument, and fits all the complicated phenomena of our commercial societies like a glove, and yet all the while shows that these phenomena are but the specially conditioned manifestations of the ultimate and universal facts of industry, and find their analogues in the economy of a self-supplying patriar-

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chal community or of Robinson Crusoe's island.

It only remains to apply our results to Marx's theory of surplus value. The keystone of the argument by which that theory is supported is, as we have seen, the proposition that the value of labour-force is fixed by the amount of labour needed to produce it, whereas in its expenditure that same labour-force liquefies into a greater amount of labour than it took to produce it, so that if a man purchases labour-force at its value, he will be able to draw out at one end of his bargain more labour (and therefore more value) than he puts in at the other.

We have now learned, however, that value does not depend upon "amount of labour contained," and does not always coincide with it. Under what conditions

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does it so coincide? And does labour-force comply with those conditions? Whenever labour can be freely directed to the production of A or B optionally, so that x days of labour can be converted at will into y units of A, or z units of B, then, but then only, will labour be directed to the production of one or the other unit until the relative abundance or scarcity of A and B is such that y units of A are as useful at the margin of supply as z units of B. Equilibrium will then be reached.

But if there is any commodity C, to the production of which a man who has labour at his disposal can *not* direct that labour at his will, then there is no reason whatever to suppose that the value of C will stand in any relation to the amount of labour which it contains, for its value is determined by its utility at the margin

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of supply, and by hypothesis it is out of the power of labour to raise or lower that margin.

Now this is the case with labour-force in every country in which the labourer is not personally a slave. If I have obtained by purchase or otherwise the right to apply a certain amount of labour to any purpose I choose, I cannot direct it at my option to the production of hats (for instance) *or to the production of labour-force*, unless I live in a country where slave-breeding is possible; and therefore there is no economic law the action of which will bring the value of labour-force, and the value of other commodities, into the ratio of the amounts of labour respectively embodied in them.

It appears to me, therefore, that Marx has failed to indicate any immanent law of capitalistic production by which a man

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who purchases labour-force at its value will extract from its consumption a surplus value. We are simply thrown back upon the fact that a man can purchase (not produce) as much labour-force as he likes at the price of bare subsistence. But this fact is the problem we are to investigate, not the solution of the problem.

The object of this paper is purely critical and my task is, therefore, for the present, completed. Only let me repeat that in the latter portion of the published volume of "das Kapital" Marx appears to me to have made contributions of extreme importance to the solution of the great problem, though I can not see that they stand in any logical connection with the abstract reasoning of his early chapters.

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III

THE JEVONIAN CRITICISM OF MARX

The Fevonian Criticism of Marx

*A COMMENT ON THE
REV. P. H. WICKSTEED'S ARTICLE
BY GEORGE BERNARD SHAW*

THE October number of *To-Day* is memorable for containing an attack by a Socialist on the theory of value held by the late Carl Marx. A Roman Catholic impugning the infallibility of the Pope could have created no greater scandal. Sentence of excommunication was pronounced by *Justice*: the *Inquirer* and other

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papers well affected to the cause demanded impatiently, as the months passed, why the heretic remained unanswered. That he can easily be answered, refuted, exposed, smashed, pulverized, and economically annihilated, appears to be patent to many able Socialists. Without adding such an atrocious comment as that I am glad to hear it, I do not mind admitting that a certain weight will be removed from my mind when the attack is repulsed, and the formerly pellucid stream of the Ricardian labour value theory has deposited the mud which the late Stanley Jevons stirred up in quantities which, though expressed by differentials, were anything but infinitely small. Mr. P. H. Wicksteed, the assailant of Marx, has adopted the Jevonian theory. He is known as an accomplished Scriptural critic, and was perhaps in search of

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fresh Bibles to criticise when "Das Kapital," the Bible of Socialism, came under his notice and struck him as being vulnerable to Jevonian equations of utility. Socialists often dogmatize intolerably on the subject of what Marx taught, or what they suppose him to have taught, on the subject of value; and Mr. Wicksteed, being a sworn enemy of dogma, has in my opinion acted wisely as well as written ably in leading the assault which must have been made sooner or later upon the economic citadel of Collectivism. An odd effect of this assault is the appearance of Marx, for the first time since he defended Ricardo against Proudhon nearly forty years ago, in the ranks of the orthodox economists. As against Cournot, Jevons, Walras, Professor Marshall, and Mr. J. Y. Edgeworth, Marx is undoubtedly on the side of the

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standard English school of Adam Smith, Ricardo, Mill, and Cairnes. His disciples are still a little bewildered at being no longer scouted as the dupes of a revolutionist and incendiary, but patronized as the old-fashioned followers of an excellent writer of the past generation, whose ideas, all very well in their day, are now quite obsolete.

I have not the slightest intention here of defending Carl Marx against Mr. Wicksteed. It is impossible, in the face of the "Misère de la Philosophie," and several passages in "Capital," to suspect Marx of having lost sight of the supply-and-demand phenomena which make the actual world so different from the sphere of "catallactic atoms" with which he deals in the opening chapters of his great work. On the other hand it is equally impossible

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without access to the unpublished volumes of that work to answer for the way in which so subtle a reasoner may have reconciled these contradictions, or even to feel sure that Mr. Jevons might not, had he lived, have found himself anticipated in the very quarter from which he expected the most determined opposition. I write partly to draw further attention to a controversy which seems to me of great interest because it is one on which Socialists, without at all ceasing to be Socialists, are sure to divide very soon; and partly because I wish to have a word with Mr. Wicksteed as to my own perplexities concerning "final utility" before some more competent hand deals him the *coup de grâce* to which I have already alluded. Even were I economist enough to do that myself, I am not mathematician enough

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to confute Mr. Wicksteed by the Jevonian method. I somewhat mistrust mathematical symbols. I remember at school a plausible boy who used to prove to me by algebra that one equals two. He always began by saying, "Let x equal a ." I saw no great harm in admitting that; and the proof followed with rigorous exactness. The effect was not to make me proceed habitually on the assumption that one equals two, but to impress upon me that there was a screw loose somewhere in the algebraic art, and a chance for me to set it right some day when I had time to look into the subject. And I feel bound to make the perhaps puerile confession that when I read Mr. Jevons's *Theory of Political Economy*, I no sooner glanced at the words "let x signify the quantity of commodity," that I thought of the plausible boy, and pre-

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pared myself for a theory of value based on algebraic proof that two and two make five. But as it turned out, Mr. Jevons, less ingenious or more ingenious than my school-fellow, arrived at no more remarkable conclusion than that if x equalled y , y equalled x , which I should have granted freely without any formulæ at all. And I was much relieved subsequently to find that the late Professor Cairnes regarded these formulæ as identical propositions.

Says Mr. Wicksteed: "The clue to the investigation we are now to enter on is furnished by the combined effects of the 'law of indifference' and 'the law of the variation of utility.' " Let us take an example of the law of the variation of utility. To a hungry man the utility of beef is high. The first few mouthfuls, which save him from actual starvation, are of very

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great utility to him indeed. But as he gets his fill, every successive mouthful has less and less utility, until finally he can eat no more, and the remainder of the beef is useless to him. Here the utility has varied constantly. Now by the law of indifference, which is that there cannot be two prices for like commodities at one time in one market, the last mouthful of beef costs just as much as the first. Consequently the man has not to pay more for the first mouthful than for the twentieth, though it is infinitely more useful to him, nor, when he has eaten so much that he can eat no more, could he buy another mouthful more cheaply than the first, useless as the beef has become to him. The value has not varied at all, whilst the direct utility has varied from infinity to zero. But the beef which is thus bereft of its direct utility

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may possess acquired utility; that is, its satiated possessor may have a hungry neighbor willing to pay him for it. Suppose, however, the man to be a member of a wholly improvident community, every member of which has just, like himself, had a sufficient dinner. The utility of his beef will then be at zero; the choicest undercut will be as valueless as it is in heaven, no matter how much labour its production may have cost. Utility, then, is evidently a condition of value. But let six hours elapse. In that space Nature produces "negative utilities" in the form of appetite—the universal discommodity. The utility of beef, useless and valueless six hours before, will rise to the utility of human life itself—from nothing to everything. Will the exchange value rise equally? By no means: it will rise to the cost of

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catching, killing, and cooking a cow: not a farthing higher. If a man demand a greater price from another, obviously that other will, in the last resort, catch, kill, and cook for himself, and so save the excess demanded from him. If the labour necessary to produce the beef be halved or doubled, neither the mass nor the final degree of utility in the beef will be altered one jot; and yet the value will be halved or doubled. Evidently, then, the utility does not determine the value. The utility of water to a thirsty man is exactly the same at Aldgate Pump as in the middle of the Sahara, yet he will give nothing at Aldgate for a gallon, whereas in the Sahara he may give all he possesses for a thimbleful. Even in the latter extreme instance of a monopolist demanding an outrageous bribe for a share of the means of subsistence, the

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price of the water would vary without the least regard to the utility. To half-a-dozen travelers dying of thirst, but having unequal possessions, half-a-dozen draughts of water would possess equal utility; yet a Jevonian sheikh with command of the water would receive different quantities of commodity for each draught. And if the parties were in the same position a few hours later, the desperate necessity of the travellers would recur; the sheikh would still have command of the water, the final utility of which would again be infinite; yet the price of the water would be a mortgage on their future labour as slaves; the travellers having nothing else to give. I use this illustration because it shows that even a monopoly value is not determined by the final utility any more than a market value (such as that of beef), and

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because it directly illustrates the ordinary economist's habit of regarding the value of a thing as the maximum of blackmail which its possessor can extort from the person who desires to consume it. To the end of time a monopolist who cannot be expropriated by force will be able to force other men to do more labour for him than he does for them in return. If he be at once base and acute enough to extort the utmost his victims will give, then, in a community of infinitely rich men, the prices obtained by him might be said to be determined by the final utility of his commodity to the purchasers; but each of them would pay a different price, and would therefore have to be presupposed incapable of exchanging the commodity one with another after purchasing. Otherwise they would defeat the operation of

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final utility, precisely as rich people defeat it now when they borrow their servants' clothes and obtain gratuitous medical advice at hospitals.

"If I am willing," says Mr. Wicksteed, "to give the same sum of money for a family Bible and for a dozen of brandy, it is because I have reduced the respective satisfactions their possession will afford me to a common measure, and have found them equivalent." This may be so; but it does not at all follow that Mr. Wicksteed will find Bibles and brandy exchanging in that ratio. The price of neither would be raised or lowered by one farthing if Mr. Wicksteed suddenly got tired of the Bible and became a dipsomaniac. Apart from that, his nearest teetotal neighbour would probably give more money for a Bible than for a dozen hogsheads of brandy;

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whilst the nearest drunkard would eagerly offer a dozen Bibles for a single bottle of brandy, if the ratio of exchange were determined by the utility of the commodities. But as the rain falls alike on the just and the unjust, so is the price of Bibles and brandy the same to Mr. Wicksteed and his neighbours, though the utility differs in each of their cases. And even were it possible to determine an average ratio of utility between brandy and Bibles, the fact that this would remain the same although the ratio of the labour necessary to produce them should vary, and that the ratio of exchange would nevertheless immediately alter, shows that the ratio of exchange does not depend on utility. Mr. Wicksteed insists on "abstract" utility; but what he has really abstracted is not utility but value. He has accused Marx

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of having leaped from one category to another because, as it seems to me, he has mistaken the category to which his own abstraction belongs.

Every appreciative reader of Mr. Wicksteed's article will at once conclude that these considerations are as obvious to him as they are to me, and that his theory must in some way explain them. "For example," he says, "a watch of a certain quality is *worth* £15 to me, *i.e.*, it would have as great a utility to me as anything else which I have not got, and which I could obtain for £15." But again it does not follow that the watch will therefore cost Mr. Wicksteed £15. It may only cost him £5. All that does follow from the conditions laid down is that, if necessary, he will go as high as £15 for the watch, but that if the price rises to fifteen guineas he

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will go without a watch. That does not mean that the utility of the watch to him will fall to zero the moment the odd shillings are added to the price. It simply means that though the utility remains the same, he will not be able to afford the price, or will think that he might spend fifteen guineas to better advantage on a writing-table than on a watch. The comparison of utility which he has made between them does not change the value of either. The order in which desires arise does not effect the cost of satisfying them, which is always ultimately a cost of labour. On the contrary, the labour cost of satisfying our desires generally determines the order of them. A child sometimes quarrels with its bread-and-milk and cries for the moon; but eventually it succumbs to economic conditions and puts off thinking

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about the moon until its bread-and-butter is secured.

Mr. Wicksteed maintains that if 25 per cent. of the labour necessary to make a watch be saved by an improvement in manufacture, the value of watches will fall "not because they contain less labour, but because the recent increments have been less useful." By this he appears to mean, not that a watch is less useful to a workman with a pound a week than to a lord with a hundred pounds a day, which is obviously not the case; but that the workman can now afford to buy a watch whereas he could not do so before. Now as the determination of the ratio of exchange (or the measure of exchange value) by duration of labour is founded on the fact that if two "catallactic atoms," A and B produce and exchange commodities, A can-

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not afford to give more than the product of an hour of his labour to B in exchange for the product of an hour of B's labour, and that B cannot afford to take less, it is not clear to me that Mr. Wicksteed advances the matter by calling exchange value "utility at the margin of supply." He certainly does not simplify it to the Socialist proletariat who, face to face with the monopolist, does not achieve quite so fair a bargain as a couple of "catallactic atoms" might strike on Marx's principles.

I regret that the utility of space at the margin of supply, the obscurity of the Jevonese language, and the extreme unpopularity of our subject, have compelled me to put forward a counterblast to Mr. Wicksteed rather than a thorough analysis and discussion of his interesting contribution. Some considerations which arise

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from his paper are important from a domestic point of view. At present a middle-class man, when his immediate needs are satisfied, furnishes himself with commodities in a certain order, as, for instance, wife, house, furniture, pianoforte, horse and trap. The satisfaction of each desire leaves the mind free to entertain the next, so that you actually make a man feel the want of a horse by giving him a pianoforte. Let the cost of a pianoforte suddenly rise to a figure exceeding that of a horse and trap; and the conventional order of furnishing will be altered: the horse and trap will be bought before the family venture on the extravagance of a pianoforte. A collectivist administration, bound to preserve the catallactic atomicity of the markets by adjusting supply to demand, may yet find themselves compelled by the op-

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eration of purely subjective notions of utility to admit that Jevons was on the right track when he broke away from economics into psychology, and that the comparative utilities of things are of far greater moment to the community than their ratio of exchange, to which our social system has given a factitious importance. Marx saw this when, many years ago, he compared the utility of the capitalist commodities, potatoes and cotton stuffs, with that of the pre-capitalist commodities, wheat and woollens. My own hopes centre in a Socialist state in which Mr. Wicksteed and I, as perfect and regenerate catallactic atoms, shall dispute about utilities alone, forgetful of the very existence of a ratio of exchange.

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IV

THE JEVONIAN CRITICISM OF MARX

The Fevonian Criticism of Marx

A REJOINER

BY PHILIP H. WICKSTEED

MR. Bernard Shaw's brilliant but good-natured "comments" on my article on the theory of value seem to invite a few words of reply from me.

I will, however, make them very short. After admirably illustrating the fact that to each individual the utility of beef runs daily and weekly through enormous variations, Mr. Shaw declares that this does

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not affect the exchange value of the article. No more it does, if the variations counteract each other. If they are all in the same direction at the same time they do affect the exchange value—as Mr. Shaw would know were he a butcher or a housekeeper. But at any rate, says Mr. Shaw, the exchange value cannot rise above the “cost of catching, killing and cooking a cow.” Had I Mr. Shaw’s pen in my fingers I could give my readers a delectable picture of the indignant housekeeper defeating the extortionate butcher by sallying forth to catch, kill and cook “a cow” for dinner, but I will not enter upon an unequal combat in badinage with Mr. Shaw. I presume he means that the price of beef cannot rise above the cost of bringing it into the market. No more it can, permanently. Temporarily it can, and

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often does. The only reason why it cannot do so permanently is because as long as labour can produce a higher average utility by bringing beef into the market than by taking any other direction it will put itself to that special task by preference and so will *reduce the final utility of beef* by supplying the want of it down to a lower point.

I am quite at a loss to know what Mr. Shaw means by saying that "If the labour necessary to produce the beef be halved or doubled, neither the mass nor the final degree of utility in the beef will be altered one jot; and yet the value will be halved or doubled." Unless and until both the total and the final utilities *are* altered the exchange value will remain exactly the same. It is only by producing more beef, and thus at the same time increasing its

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total and lowering its final utility, that the increased facilities of beef-making can produce any effect on the price whatever.

As for Mr. Shaw's extortionate sheikh he simply illustrates my contention that *some* of the consumers always get the whole, and every consumer may sometimes get a part of the commodity he consumes at something less than it is worth to him (the first mouthful of beef costs no more than the twentieth), but that all pay the price represented by the minimum or final utility of the last increment to that one of the consumers, to whom it has, relatively to other commodities, the least utility.

Similar remarks apply to Mr. Shaw's remaining criticisms; but I should like to say a word in elucidation of my statement that when the supply of any commodity is

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increased the successive increments meet an ever less urgent want, and are in fact less and less useful. I admit that in a certain sense this language is misleading, for if we are speaking of *absolute* utilities the presumption is that if the supply of beef is increased till it falls to 6d. a pound, the final increments which get into the workman's alimentary canal are more useful than previous ones, the fate of which we need not pursue beyond the servants' hall. But I never compare absolute utilities and I do not see how such a comparison could be instituted on any scientific basis. All I contend for is that if yesterday no one had a watch except those to whom a watch was as useful as anything that could be got for £15, and if to-day a number of men possess watches to whom they are only as useful as other things which could

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be got for £10, the new watches are *relatively to other things* less useful than the former ones were.

Mr. Shaw's youthful experiences about x and a are so highly instructive that I cannot refrain from dwelling upon them for a moment. His friend induced him to "let $x = a$," and Mr. Shaw—not expecting that x would take any mean advantage of the permission—granted the request. But he did not understand that in letting $x = a$ he was also letting $x - a = 0$, and the proof (of the proposition, $2 = 1$) that "followed with rigorous exactness," assumed that $x - a$ did *not* equal 0 .

Mr. Shaw arrived at the sapient conclusion that there was "a screw loose somewhere"—not in his own reasoning powers, but—"in the algebraic art;" and thenceforth renounced mathematical reasoning

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in favour of the literary method which enables a clever man to follow equally fallacious arguments to equally absurd conclusions *without seeing that they are absurd*. This is the exact difference between the mathematical and literary treatment of the pure theory of political economy.

Only a single word, in conclusion, on the importance of this controversy. It is not a mere question of abstract reasoning (although, if it were, that could hardly be urged in its disparagement by an admirer of Marx). It affects the whole system of economics, and more particularly Marx's economics. In admitted contradiction to apparent facts, and without (at present) any attempt to remove the apparent contradiction, Marx by sheer logic attempts to force us into the admission that "profits," "interest," and "rent," *must* have

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their origin in the "surplus-value" that results from purchasing "labour-force" at its value and selling wares at their value. The key-stone of the arch is the theory of value adopted by Marx, and I have tried to show that it is not sound. In doing so I have found an unexpected but powerfully in Mr. John Carruthers, whose elaborate and thoughtful essay on "The Industrial Mechanism of a Socialist Society," shows the phenomena of "profits" reappearing, in a modified form, in communal industry. My own rather clumsy illustrations of the varying utilities and values of "coats and hats," etc., laboured under the disadvantage of requiring my readers to imagine the wants of society in part at least supplied successively, not contemporaneously. Mr. Carruthers escapes this, and shows how in a communal industry

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the price (though he would not say the "exchange" value) of each article depends on its final utility, and that it is only when, *as a consequence* of the indications thus afforded, labour has been properly apportioned amongst the industries, that prices are apportioned to labour cost.

PHILIP H. WICKSTEED

V

KARL MARX AND "DAS KAPITAL"

Karl Marx

and "Das Kapital"

[FIRST NOTICE]

BY G. BERNARD SHAW

TWENTY years ago, when this first instalment of Karl Marx's now famous work was published, arose the claim that Socialism, formerly a dream, had become a science. Thenceforth, Robert Owen, St. Simon, and Fourier were to be regarded as well-intentioned Utopists, and Lassalle as one who saved himself by plagiarizing Marx, whose book is revelation. Here is

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the authentic history of the past, and the sure prophecy of the future, of human society. Here is the first and last exhaustive analysis of the incidents of the ceaseless struggle of man with Nature for wealth, the all-inclusive synthesis of those incidents and consequently the completed science of Political Economy. Here, also, is the one infallible recipe for the Millennium. He that believeth is a true "scientific Socialist"; he that believeth not is a middle-class self-seeker, a *bourgeois*, an exploiter of labor, and most likely a police spy.

I may take it for granted by the readers of the *National Reformer* that no person of reasonable self-respect would have anything to say to any author on these terms. The evident grudge entertained against Marx by many of his shrewdest English critics may be accounted for much more

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conclusively by their well-founded mistrust of popes, prophets, and messiahs of all denominations, than by a savage hatred of the working class not discernible elsewhere in their writings, or by a ten pound note from Bismarck. On the other hand, the fact that such outrageous pretensions should be made on behalf of Marx, goes far to prove that he was an extraordinary man; for he himself was as innocent of the excesses of his devotees as an Indian idol of the self-torture of its worshippers. Nor was there anything in his personal career to kindle the imagination or stir the blood. He was no orator; he fought no duels, rescued no distressed matrons, nor figured in any *causes célèbres*; as a practical conspirator he seems to have been a failure; and there was nothing picturesque about his many years of research

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among the Blue Books at the British Museum reading-room. The wave of Socialism raised him on its crest, no doubt; but it raised him no higher than colleagues of his whose names are unknown. The charm of his conversation, admitted by those who knew him personally, would not alone account for his reputation, although it is true that his reputation must be measured by its intensity as much as by its width. Thus we get to the famous Communist manifesto, and its huge amplification, "Das Kapital," as the material of his celebrity. When the last word has been said about the book, no more will be needed about the man.

That last word, however, is still a long way off, since the entire book is not yet published; the volumes now in question being only a fragment, and that, too, a

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fragment which leaves unexplained a difficulty apparently fatal to the whole Marxian theory. Mr. Frederick Engels not only admits this, but, in his preface to the second book (Hamburg, 1885, not yet translated), challenges those Rodbertian critics who declined to admit that Marx had revealed anything new, to reconcile the contradiction before he could anticipate them by issuing the third book, which is still in manuscript. This, without touching the credit of Marx, places those extreme Marxolaters who have not access to the unpublished manuscript in an acutely ridiculous position. They insist that the acceptance of "scientific Socialism" means nothing more or less than the acceptance of the Marxian synthesis. Yet they confessedly do not know what that synthesis is. They may be justified in their

faith that Marx will not fail them in the third book; but in the meantime "scientific Socialism" means cashing a promissory note of Mr. Engels, dated "London, an Marx' Geburtstag, 5 Mai, 1885". The flavor of the situation is heightened by the circumstance that Socialism is not in the least repugnant to the principles of the *bourgeois* political economy, which affords a perfectly satisfactory and Socialistic solution of the alleged difficulty.

The term "*bourgeois*" has often provoked well deserved ridicule when used by Socialist members of our *bourgeoisie* as a question-begging epithet to fling at an opponent of Socialism. They have taken it from Marx; but they have not taken it as they found it. By a "bourgeois economist" Marx means, not necessarily an economist who is wrong as far as he goes,

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but one who assumes that Capitalism, based on Individualism [or the settlement of a country by the allotment of its natural resources as private property to individuals], is the final and only possible social order. To Marx, capitalism, with its wage-slavery, is only a passing phase of social development, following primitive communism, chattel slavery, and feudal serfdom into the past. He never loses consciousness of this movement; and herein lies one of the secrets of the novelty and fascination of his treatment. He wrote of the nineteenth century as if it were a cloud passing down the wind, changing its shape and fading as it goes; whilst Ricardo the stockbroker, and De Quincey the high Tory, sat comfortably down before it in their office and study chairs, as if it were the great wall of China, safe to last until

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the Day of Judgment with an occasional coat of whitewash. Further, he writes as one in whom "the notion of human equality has already acquired the fixity of a popular prejudice". From title page to tail piece there is not one moment of ruth, not one passage of apologetics, for the system of privileges upon which we are at present working. He knows that weighty arguments can be brought forward in support of that system, just as weighty arguments can be brought forward in favor of flogging, duelling, and laws against blasphemy; but he only betrays consciousness of them by his unrelenting scorn for those who believe in their preponderance. In the class which sought to live at the expense of another class, and pretended to benefit it by doing so, he saw only thieves and hypocrites—vermin in the common-

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wealth, born in the estate of vermin through no fault of their own, but none the less to be unsparingly denounced and exposed with their apologists until such time as their expropriation might become feasible. This unsleeping sense of the transitory character of capitalism, and of the justice of equality, is the characteristic spirit of Marx, the absence of which so disgusts his pupils when they attempt to read the ordinary treatises, in spite of the facts that no economist of any eminence has ever defended things as they are, except from inability to conceive a rational alternative, and that De Quincey was the last economist of first-rate ability who was complacently *bourgeois* [for a ridiculous reason] in Marx's sense. John Stuart Mill's "Principles" are dislocated by convulsions of suppressed rebellion against

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the customary Whig-capitalistic application of them. Cairnes's tone was one of mournful remonstrance until 1874, when he broke out against the "unmitigated selfishness" of the "idle rich", and pleaded for co-operation sullenly, as a man who has not much hope of gaining serious attention. And now we have our Professor Sidgwick, sitting on the fence in his inimitably placid way, gently eluding the attempts of Free Traders, Protectionists, Socialists, and Individualists, to classify him in their sections, but still, on the whole, and quite impartially, of course, nearer to Marx than to Bastiat. The Positivist economists have at least decided that we have had enough of irresponsible private enterprise, and seem to lean towards a collegiate scheme which combines the weak points of feudalism and collectivism.

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Mr. Ruskin prescribes moralized feudalism, but gives no details as to the moralizing process. Among them all, one catches repeated flashes of something like the Marxian spirit, but never so like as to sustain a close comparison. The remarkable historical sense is wanting; and though the hatred of injustice is strong and uncompromising, the power of perceiving actual cases is so enfeebled by custom that only the most extreme instances are recognized.¹

There is, perhaps, a feeble reflexion of Marx's implacable contempt for the external aspect of capitalistic civilization in

¹ For example, an Irish lady driven into the workhouse by a No-Rent Manifesto, excites a degree of sympathy which it is impossible to arouse on behalf of the numbers of unfortunate working women who, worn out by a lifetime of drudgery, are constantly drifting helplessly into the workhouses in all parts of the kingdom.

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the petulant outcry against railways and machine-made goods, which may almost be described [and condemned] as fashionable; but its usual accompaniment is a proposal to escape by "restoring" mediævalism on much the same lines as those adopted by the architects who "restore" our cathedrals. There is none of this futile retrogressiveness in Marx. He never condescends to cast a glance of useless longing at the past: his cry to the present is always "Pass by: we are waiting for the future". Nor is the future at all mysterious, uncertain, or dreadful to him. There is not a word of hope or fear, nor appeal to chance or providence, nor vain remonstrance with nature, nor optimism, nor enthusiasm, nor pessimism, nor cynicism, nor any other familiar sign of the giddiness which seizes men when they climb to

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heights which command a view of the past, present, and future of human society. Marx keeps his head like a God. He has discovered the law of social development, and knows what must come. The thread of history is in his hand. Obviously, such a man, applying himself to the production of a treatise on political economy, would, without necessarily introducing a single economic doctrine new to students of Mill, Cairnes, Marshall, Walker, and Sidgwick, yet make such an impression as these writers, with all their ability and scholarly conscientiousness, have never achieved. Compare Mr. William Morris after Oxford, or Mr. H. M. Hyndman after Cambridge, with the same gentlemen after Marx. In the first stage they are conscious of having been incommoded by a useless dose of "the dismal science". In the second

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they are crying out with a burning conviction that the old order is one of fraud and murder; that its basis is neither kingcraft nor priestcraft, but the divorce of the laborer from the material without which his labor is barren; and that it is changing and giving place to the new by an inexorable law of development. It is easy to shew that Mill and Cairnes and Sidgwick knew this and said it; but the fact is that the average pupil of Marx never forgets it, whilst the average pupil of Mill and the rest never learns it. But it must immediately be added, as a considerable set-off, that the average Marxite never understands rent, and confuses employers with capitalists and profits with interest in a way which the modest disciples of General Walker despise. For Marx, in this first book of his, treats of labor without reference to varia-

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tions of skill between its parts; of raw material without reference to variations of fertility; and of the difference between the product of labor and the price [wage] of labor power, as "surplus value" without reference to its subdivision into rent, interest, and profits. This will explain to any student how it is that those who know nothing of economics except what they have learned from this Marxian fragment, and who innocently believe that it covers the whole subject, are repeatedly betrayed into taking up absurd positions in economic discussions. Also how some economists, too confident in their own skill to do more with any new treatise than dip into it here and there, have supposed that Marx himself was ignorant of the considerations he purposely omitted, and have dismissed him with a contemptuously ad-

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verse decision, which they will some day, possibly, be glad to forget.

Whatever may be the ultimate verdict as to Marx, it must be borne in mind that the extraordinary impression he makes does not depend on the soundness of his views, but on their magnificent scope and on his own imperturbable conviction of their validity. It is impossible to be sure that further historical research will confirm his interpretation of the past, or experience verify his anticipations; but whilst capitalism lasts he will still make his mark upon his readers, and, through them, on the world; for whether he was right or wrong, great synthetic philosopher or finder of mare's nests, he believed in his theory of society, and had the power of making others believe in it. You can no more get rid of such a man by a quip or

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two at his use of the word value, than you can of Mahomet by explaining that the dove which whispered to him really came to pick a pea out of his ear, or of Comte by burlesquing the ritual of the Religion of Humanity.

But it is one thing to give an extraordinary man his due, and quite another to encourage or acquiesce in the setting up of his book as a Holy Scripture. I shall therefore proceed, in a future article, to deal with the apparent mistakes of Marx, which promise to be almost as fruitful of controversy in the near future as the mistakes of Moses. I say *apparent* mistakes, because Mr. Engels has still the third book to play; and it may prove to be the ace of trumps.

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VI

KARL MARX AND "DAS KAPITAL"

Karl Marx

and “Das Kapital”

[SECOND NOTICE]

BY G. BERNARD SHAW

KARL Marx prefaces his economic analysis of Capitalism by stating that the human mind has for more than 2,000 years striven in vain to master the subject of value, though it has meanwhile done much more difficult things. Now, what is the object of the capitalist, as such? Always to make money. And what is money? Money is value materialised in gold: “gold,

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as gold, is exchange value itself". Capitalism, then, exists only to produce exchange value. Hence above all things we must know what exchange value is if we would understand the aim of capitalism. But this only throws us back on the enigma that has stood unsolved for two thousand years. Marx comes to the rescue with his claim to have plucked out this heart of the capitalistic mystery.

It is customary in economics to begin further back, with a simpler view of man and his wants. Some of these wants are satisfied gratuitously by Nature: others can only be supplied by labor. Of the latter, some are needs, and must be supplied at any cost: others are whims, and are not worth the trouble. For example, I should like to see a sunrise from the top of Primrose Hill; but as I can satisfy that want

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only by rising with the lark—a proceeding abhorrent to my constitution—I am likely to go to my grave without having witnessed the spectacle. Those needs, tastes, and desires of man which cost labor to satisfy, and which are not, like the Primrose Hill fancy, left unsatisfied because they cost too much, are the subject matter of political economy. The energy called forth in the effort to satisfy them is the economic motor; and the sole assumption made by the economist is that this energy will be used as sparingly as possible: that is, that every individual will strive to satisfy his wants with the least possible effort on his own part.¹ By proceeding deductively

¹ This assumption is the ground of the complaint that political economy is sordid and selfish; but unless the complainants are prepared to contend that everything should be done in the longest and least commodious way [and certain pious forms of that contention are by no

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from this perfectly safe assumption, and from the ascertained facts as to population, natural fertility, and the physiological conditions of labor, conclusions have already been reached which have every quality that makes a science fascinating to academicians, useful to men of affairs, and indispensable to statesmen. Yet Carlyle dubbed economics "the dismal science" without rebuke; and a publisher recently told me that it had not fifty students in England! The publisher may have exaggerated; but I suspect that the number per cent. of English voters who could at need do more than confute a very crude Protectionist, would have to be expressed by a fraction with a startlingly large denominator.

means uncommon] they must admit that it is right as well as practically certain that things will be done in the shortest and easiest way.

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When man begins to produce commodities for the satisfaction of his wants, labor, as Adam Smith said, is the natural price he pays for them. But when, to save time, it becomes customary for each man to acquire special skill in the production of some one sort of commodity, and to buy what else he wants with it, the commodities so produced become "wares"; and it becomes customary to express the "natural price", no longer in labor, but in wares. Then arises the question, how much of one ware is another worth? This sounds to modern ears like a proposition in ethics; but in practice it is found to mean how much of one ware will another fetch. That will depend on circumstances; but two men, A and B, who have equal opportunities for producing all sorts of wares, will proceed in this way. Suppose A wants

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to obtain 5-lbs. of B's ware (nails, for instance). He must offer some of his own ware in exchange. How much will he offer? That will depend on how long it would take him to make the 5-lbs. of nails for himself. Say it would take two hours. A obviously will not offer more of his ware (call it soap) than would take him two hours to make, otherwise he would lose time by not making nails for himself. And, with this as his maximum, he will offer as much less as B will take. Now B, who on his part wants to obtain soap, has arrived by the same reasoning at a determination to take for 5-lbs. of his nails no less than as much soap (say 20-lbs.) as would take him two hours to make, with, of course, as much more as he can induce A to give him. After the necessary "higgling", A then will get 5-lbs. of nails because he will

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take no less and B will give no more; and B will get 20-lbs. of soap because he will take no less and A will give no more. Thus between men of average ability with equal opportunities, the price of wares will, with admirable justice, be measured by the labor they cost, and that although each exchanger may be selfishly indifferent to any but his own individual gain. Each is striving to satisfy his wants with the least trouble to himself: each is buying in the cheapest and selling in the dearest market: yet the unrestrained conflict of egotism produces all the effects of the most enlightened altruism.

The soap-maker, however, finds it troublesome to estimate the value of his ware not only in nails, but in candles, gloves, bread, and every separate ware used by him. So does the nail-maker; and so do all the other exchangers. So they agree upon a suit-

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able ware, such as gold, in which each can estimate the value of his ware. Gold can then be bought for wares; and all wares can be bought for it. Gold becomes money; and values become prices. Money then becomes the customary expression of the "natural price of all things". In the Robinson Crusoe age, before division of labor and exchange, labor seemed the natural price; when wares were exchanged and bartered, wares seemed the natural price; and when gold was selected as "the universal equivalent," as Marx calls it, money became the natural price. But, all through, the magnitude of the value was determined by the duration of labor.

This theory of the determination of magnitude of value by quantity of labor, which prevailed among our economists from its establishment by Ricardo to its upset by

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Jevons, is affirmed by Marx as a dogma without a word of explanation. No account is given of its deduction: there is not even a word that would suggest to a novice that it is deduced, and is neither an axiom nor a postulate. Here and there, when he speaks of value being "a relation between persons expressed as a relation between things", or when he says (p. 80) that a vendor who overestimated his ware would be brought to his senses by "his competitors", we guess that he came to the familiar theory by the familiar path. But he begins with the downright assertion that "the magnitude of the value of any article is the amount of labor socially necessary, or the labor-time socially necessary for its production." Again, "wares in which equal quantities of labor are embodied, or which can be produced in the same time, have the same value". And,

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“the value of one ware is to the value of any other, as the labor-time necessary for the production of the one is to that necessary for the production of the other”.

It must not be supposed, however, that the purely dogmatic character of these statements will be easily perceived by unwary readers of Marx. They are preceded by a metaphysical analysis of wares, proceeding by a series of abstractions which eventually leave only their “value form” under notice. Considerations as to the magnitude and measurement of value follow. Then the dogma as to the determination of the magnitude of value by labor comes in with the most natural air in the world; and three readers out of four probably accept it as having been ratiocinatively led up to. It is followed by a second metaphysical analysis, this time of the value form arrived

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at in the preceding analysis. Thus, gratuitous as it is, it is so neatly fitted in between two chains, that you do not discover that it is not a link until you test it with a pull.

Marx's omission to give the *rationale* of his dogma can hardly be condemned as unwarrantable. When a theorem has been proved so often that all the world cries "agreed!" the theorem becomes an axiom. There are axioms of ours which are still theorems to our mothers, and blasphemies or paradoxes to our grandmothers. Marx may have thought that his Ricardian theorem that "the value of one commodity is to the value of any other as the labor time necessary for the production of one is to that necessary for the production of the other", might by this time be advanced as an axiom. But sometimes the paradox or blasphemy that became a theorem and has

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become an axiom, is doomed to become a dogma; to be challenged and become a theorem again by having its deduction retraced; and finally to be rejected as an exploded superstition, because the reasoning that convinced during its second phase seems inconclusive during its fifth. To-day the Ricardian theory seems to be running this course. The reasoning that satisfied Ricardo and Marx did not satisfy Jevons; and whatever be the upshot, the Marxite of to-day must not expect his master's axiom to be admitted now as it would have been in the middle of the century.

But the dogma is not the first questionable point in the book. The analysis of wares which precedes it is faulty. I may apply it to the nails and soap instanced above, thus: here is a ware—nails. Nails are useful for fastening things together; and

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they embody nailmaker's labor. Here is another ware—soap. Soap is useful for cleansing; and it embodies soapboiler's labor. Soap and nails differ from one another in both respects. Soap will not fasten things together; nor nails cleanse them. In point of usefulness therefore, they are disparate (says Marx, "*badate ben, non io*"). Now they are apparently disparate in point of embodying labor also; for it is not soapboiler's labor that the nails embody, nor is it nailmaker's labor that the soap embodies. But they are still both products of labor—of exertion of muscle and brain—of expenditure of energy. Abstract then the specific quality of the labor—its application to the production of nails or soap; and you will see that the two wares are alike in embodying a certain quantity of abstract [as opposed to specific] human labor. Hu-

man labor is measurable by its duration. The two otherwise disparate wares can therefore, for the purposes of exchange, be measured against one another by the abstract human labor they contain. They can not be measured by anything else; for you cannot say that so much fastening of things together by nails is equal to so much cleanliness; but you can say that so many hours abstract human labor embodied in nails are equal to so many hours abstract human labor embodied in soap. "But," says Marx, suddenly slipping in his dogma, "the value of a ware represents human labor in the abstract." Never was question more adroitly begged.

Let us go back upon the analysis of the two wares, and see whether it will bear scrutiny. The utilities of the soap and nails were summarily rejected as disparate be-

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cause they were specifically different. Yet when the embodied labors were found to be also specifically different, they were not rejected: they were examined and found to be reducible from specific soapboiling and nailmaking to "expenditure of human labor in general". But why was this not done with the utility? There is specific utility and abstract utility just as truly as there is specific labor and abstract labor. Fastening things together and cleansing them are two specifically different ways of doing the same thing, *i.e.*, satisfying human needs. Let us abstract the specific aspects of the employment of nails and soap, just as we abstracted the specific aspects of the nailmaker's labor and the soapboiler's, and we have left "abstract utility" common to the two wares just as much as abstract human labor is common to them.

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And we are constantly measuring things against one another by comparing their abstract utility—by deciding whether we would rather have one or the other—by comparing the satisfaction they can afford us. Now let me slip in another dogma by saying, “But the value of a commodity represents desirability in the abstract”; and it will be seen that though I, too, have begged the question of the nature of value, I have made out exactly the same case for “desirability in the abstract” as Marx has for “labor in the abstract”.²

² This flaw in Marx’s analysis of wares was, as far as I know, first pointed out to English Socialists by Mr. Philip Wicksteed in his article on Marx in the *To-Day* of October, 1884. That article has never been refuted by any Marxite. The “comment” upon it which appeared in the number for January, 1885, was obtained from a gentleman who, for private reasons, will not take an action for libel against me if I say that he proved nothing but his

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Let us now place alongside our two wares, which Marx has revealed to us as "definite masses of congealed labor time", and which we have found to be also definite masses of congealed desirability, such an article as a bit of broken china, once part of a ware which was valuable and exchangeable for gold in the market, but now a worthless shard. Yet it still embodies abstract labor—more labor actually than when it was a ware; for the labor of breaking it has been added to the labor of making it. Will it therefore exchange for larger quantities of nails or soap than before? Not a bit of it: the labor has increased; but the value has gone. Now compare it in point of utility. The breaking of the teacup destroyed its

own incompetence (which Mr. Wicksteed had not questioned). But even he had not a word to say in defence of Marx's oversight of abstract utility.

specific utility and, with that, its desirability. Now we have three things, nails, soap, and shard, all embodying abstract human labor, whilst two only embody abstract utility. These two have value also. Further, all three formerly had labor, utility, and value. An accident destroyed the utility of one of the three; and the moment the utility vanished the value vanished also. The labor remained, but could not keep the value. This does not conclusively connect value with utility, since there are commodities, such as fresh air, which have abstract utility but apparently no value;³ but it does conclusively disconnect value from mere abstract human labor. And of course Marx presently mentions that "nothing can have value without being an object of

³ It will be seen presently that the *final utility* of fresh air is, like the value, zero.

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utility. If the thing is useless, so is the labor contained in it: the labor does not count as labor, and therefore creates no value." It is as if he had proved by an elaborate series of abstractions that liquids were fatal to human life, and had finished by remarking: "Of course, the liquids must be poisonous".

As a matter of fact, men are governed in production by the painfulness of their efforts, and in exchange by their desire for the wares they seek, rather than by calculations of the labor embodied in wares. If a new patent ware is introduced which embodies as much labor as a sovereign, the inventor will not fix its price at a sovereign. He will, in order to make it as useful as possible to himself, charge the highest price at which it will bring him the greatest wealth. Suppose he fixes the price at £5.

The wealthy public compares the desirability of the ware with the desirability of £5, prefers the latter, and so does not buy. The inventor perforce reduces the price to, say, £3 3s. The wealthy public thinks that it would just as soon have the article as £3 3s., but, for the matter of that, would just as soon have £3 3s. as the article. The inventor consequently reduces the price to £3; and now the plutocracy are quite clear that they would rather have the article than £3. At that price, accordingly, it sells, £1 practically exchanging for £3 at every sale. Labor devoted to the article has, therefore, a high utility: consequently when the patent expires labor rushes into the business of producing it. But all the people who barely prefer the article to £3 are supplied already: therefore the new supplies must find a market among the people who pre-

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fer £3 to *it*. But they prefer it to—let us say—£2 10s.; so the market price falls to that; for the plutocrats who were willing to give £3 when they could not get it for less, will not give £3 when they can get it in the market for £2 10s. So the price falls. Still, however, £2 10s. for an article costing £1 to make, is good business; and labor still flows to it until all the £2 10s. people are supplied, and it becomes necessary, in order to sell the articles, to tap that class which prefers 30s. to the article, and therefore will not buy it until it is in the market at 25s. Yet labor will flow to its production because manufacturers prefer 25s. to 20s.; and the flow will not cease until the price reaches 20s. It will not go below that, because it costs that to make; and if the price fell to 19s. no man would make it unless he preferred 19s. to £1, and

not even then, since he could gratify his preference more easily by merely swopping coins without engaging in manufacture at all. The supply then stops when the price is £1, or, to use a phrase of Mr. Wicksteed's, the price "at the margin of supply" is £1. Also, the utility of the first increment of the article was expressed by £3 3s.; but the utility of the last increment—the *final utility*, as Jevons called it—is expressed by £1. Value, in short, does not represent the specific utility of the article, but its abstract utility; and not its total abstract utility, but its final abstract utility, or the utility of the final increment that is worth producing. Or, going behind the ware to the labor, its value represents, not the quantity of human labor embodied in it, but the final utility of the abstract human labor socially necessary to produce it. Now,

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under the normal conditions assumed by the Ricardians in their investigation of value, the final utilities of two doses of labor embodied in two wares will be equal when quantities of labor have been expended on them, so that, under the circumstances, wares containing equal quantities of labor will be equal in value. But instead of being equal in value because equal quantities of labor have been expended on them, equal quantities of labor will have been expended on them because they are of equal value [or equally desirable], which is quite another thing. That slip in the analysis of wares whereby Marx was led to believe that he had got rid of the abstract utility when he had really only got rid of the specific utility, was the first of his mistakes. By it the two thousand years secret of value slipped through his fingers after all

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as it had slipped through Aristotle's, to be pounced on almost immediately by Jevons and Walras, whose combined shares of "abstract human ability" were probably less than the combined shares of Marx and Aristotle. Still, the Ricardian and Marxian treatises are saved from invalidation by the circumstance that both the Ricardian and Jevonian theories lead to the conclusion that under certain ideal conditions of equal opportunities of production from equally fertile material by men of equal ability, "commodities in which equal quantities of labor are embodied, or which can be produced in the same time, have the same value". On the other hand, as this statement is true only under these conditions, and as the conditions seldom, if ever, occur in practice, whereas the law deduced by Jevons fits all conditions, actual or hy-

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pothetical, Jevons' law would probably drive Marx's dogma out of the field, were it not so much easier to understand "quantity of labor" than "degree of final utility."

G. BERNARD SHAW

VII

KARL MARX AND "DAS KAPITAL"

Karl Marx

and “*Das Kapital*”

[*THIRD NOTICE*]

BY G. BERNARD SHAW

UNDISTURBED by any suspicion of the slip in the analysis by which he laid bare, as he thought, the true value form of wares, Marx proceeds to a minute and apparently exhaustive analysis of simple circulation, and of the functions of money, which he regards as the material form of exchange value. Some of the assertions which occur in these analyses would make

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a banker gasp if he took them, as he well might at a casual dip into the book, for statements of fact, unconditioned by the stage of the inquiry at which they are made, or by the normal economic hypothesis as to equal opportunity, fertility, etc., which Marx seems to take for granted, as he nowhere explicitly expostulates them. As the inquiry proceeds, the statements are modified by the new considerations successively introduced; so that it is possible to quote sentences from different pages, apparently flatly contradicting one another, and yet both accurate relatively to the conditions assumed.

Throughout the chapters on money, the reader is conscious that the distinction between use value (corresponding to Jevons's total utility) and exchange value (final utility) is being seduously forced upon his at-

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tention. They are not merely distinguished, but almost violently exhibited as antagonistic, likened to two opposite poles of a magnet, and forced asunder in his conception by every available rhetorical or dialectical artifice. In this Marx is leading up to his cardinal fact that the proletarian workman, individualist appropriation of the land having deprived him of the raw material without which his labor power is useless to him, has to live by selling that labor power as a ware in the market. Now in purchasing a ware in the market, you practically buy its use value for its exchange value—its total utility for its final utility. In the instance given here last week of an article with a use value or total utility expressed by £3 3s., we saw that additional quantities were thrown on the market until the price fell to £1, the cost of produc-

tion; and that this became the normal price. A total utility of £3 3s. was thus sold for £1; or, as Marx might have put it, if he had not missed the secret of the expression of use value by money, a use value of £3 3s. sold for an exchange value of £1. Now when the workman sells his labor power for wages in the market, he does this very thing, sells its total benefit for the mere cost of producing it—its use value for its exchange value. But, according to the Marxian theory, the value of a man's labor power is the abstract human labor embodied in the victual that has created and nourished it. Thus if the labor necessary to produce a day's victual be six hours, that will be the value of a day's labor power. But a day's labor power may be exerted during twelve hours. In that case the laborer in the first six hours of the day will

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replace the value of six hours' labor embodied in his victual. In the remaining six hours he produces as much value again; and this, which Marx calls surplus value, goes to the purchaser of the labor power. In other words, the *exercise* of twelve hours' labor power appears as the *consumption* of six hours' labor power. Therefore, you can go into a market wherein labor power is for sale, with gold that took six hours' labor to make; buy with it as much labor force as took six hours to make; vicariously exercise that purchased labor power during twelve hours, and return to the market with the product, which, because it embodies twelve hours' labor, you can exchange for twelve hours' worth of gold. Thus you have doubled your gold by simply buying in the morning for £1 and selling in the evening for £2. To this a physio-

crat would have answered that if Dick can exploit Tom in that fashion, Tom is equally free to exploit Dick; and the net result must be that, though Tom gets six hours surplus labor out of Dick, Dick can get the same out of Tom, and both will be equally well off at the end of the day; so that whilst there is surplus value, it is not misappropriated. But if Dick is a proprietor, and Tom a proletarian, which is what Marx means, then Dick is under no obligation to sell his labor power at all, since he can produce with it for himself out of the land and raw material contained in his property, whilst Tom, the propertyless, must either sell his labor power or starve. Further, Tom must sell it either to Dick or to some other proprietor: he cannot sell it to a fellow proletarian, to whom it would be useless for the same reason (lack

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of material) that it is useless to himself.

Now though the process here described is at the first blush remarkably like what is actually taking place, Marx's theory of it will not bear examination any better than his analysis of wares did. In the first place, the proprietor's monopoly completely upsets those conditions as to equal opportunity, etc., on which alone it is true that "commodities in which equal quantities of labor are embodied, or which can be produced in the same time, have the same value". The commodity which the proprietor offers is not gold or any other ware: it is access to the material of production, a privilege which costs the proprietor no labor, and is yet of practically infinite utility to the proletarian, since it is a matter of life or death to him. Again, the commodity, labor-power, which the proletarian offers

to the proprietor, differs from ordinary wares in one respect, the ^{*}immense importance of which will appear if the bargain between proprietor and proletarian be followed carefully. The proletarian says, in effect, to the proprietor, "I have to sell to you my labor-force, which will enable you to produce without consuming—to live without working. I want in exchange access to the land, which will enable me to live *by* working." Evidently the proletarian is at a disadvantage; for the proprietor's commodity, life itself, is of far greater utility than the proletarian's, which is only idleness—idleness for the proprietor at the cost of toil for himself. Therefore the proletarian loses by the exchange, and would, if the commodities in question were of the usual kind, direct his labor in future to the production of fresh land instead of fresh

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labor-power. But the first course is impossible, since the laborer is not Jehovah. All he can do, then, is to abstain from producing fresh labor-power and so cheapening it by increasing the supply. But now he is baffled by the fact that unskilled labor-power differs from all other commodities in that its production, instead of being an effort or a sacrifice, is a pleasurable act to which man is driven by an irresistible instinct. Therefore fresh supplies of unskilled labor-force pour into the market; and the successive increments are less and less desired by the proprietary class, as, when they have added luxury to its idleness, they can only add satiety to its luxury,¹ whilst

¹ This fact is of interest to students of Adam Smith. The radical mistake made by him was his assumption that men are insatiable, from which it would follow that a man with a million servants would be as anxious to

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its property remains as necessary to the workers as ever. The price of labor-force falls thus until it reaches subsistence wage, then starvation wage, and finally zero: the proprietors wanting no more of it, and the proletariat yet driven by their animal instinct to continue producing it. At this point we have the unemployed, and the value of unskilled labor-force down to nothing. Naturally, the proprietors take as much as they want for nothing, keeping it alive in such condition as they require it by feeding it with a portion of its own produce. They may even turn it, at its own cost, in-

have a million-and-first as a man with only one servant is to have a second. If that were so, then poverty could never appear until the population began to overtax the fertility of the earth. But it is not so; and by failing to see that, Adam Smith missed the solution of the labor problem.

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to skilled labor-force in such quantities as they desire; and, though the first few educated will avail themselves of free contract to obtain a price for the exceptional utility of their services, continuation of the education process will bring down the value of skilled labor-force to zero also. So that finally, by the operation of population increase and Individualism, the proprietors attain as much labor-force, skilled and unskilled, as they desire, absolutely for nothing: the workers not only maintaining one another at the various standards of comfort required by their different specific utilities (the doctor, for instance, needing for the purposes of the proprietors more expensive habits and education than the shepherd), but, as policemen, soldiers, sheriffs, etc., preventing one another from waxing fat and kicking.

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Here again, though Marx missed the theory, he did not miss the facts. No one could show more forcibly how wage so effectually reached a bare subsistence for labor, that a danger arose of its going beyond that, and the law had to interfere to prevent the individual laborers being used up faster, instead of exactly as fast, as they could be replaced.² Further, he is not only aware that the unemployed are always with us: he actually forces them strenuously on

² It should be borne in mind here that a bare subsistence for the labor required to satisfy the proprietors (the true wage fund of individualism) does not mean sufficient subsistence to enable each individual laborer to live out his natural term of life. Dr. Drysdale has estimated the lifetime of a Lambeth wage-worker at 29 years, and that of a gentleman of means at 55. But if the labor power of the wage-worker used up at 29 can be replaced by that of a fresh laborer, labor has had its subsistence wage, though the individual laborer has been starved.

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our attention as a reserve army of industry which guarantees the employer against scarcity of labor power at sudden revivals of trade. He seems even to see that the unemployed are unemployed because their labor has no utility, and that having no utility it can have no exchange value; but he does not see that, by what is sometimes called "the law of indifference", it is impossible for one part of the stock of a commodity available at any given time to have value whilst another part has none, since no man will give a price for that which he can obtain for nothing. This second oversight of his is the more remarkable, as it puts the condition of the proletariat in a light much more terrible than does his assumption that the subsistence wage is the value of the labor force, a view as untenable even on Marxian principles as that

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the manufacturer's coal bill and water rate are the value of his steam power. I can imagine a Marxite, on the spur of the moment, pointing out here that the labor socially necessary to produce a day's victual or a day's coals can be separated from that necessary to produce a laborer or steam engine; but both must enter into the value of the power they produce; and Marx himself carefully proves in the case of the steam engine that it transmits to the product not only the value of its fuel food, but of itself. But when he attempts, as he does, to differentiate labor power from steam power, the man from the engine, his logic breaks down. He is as usual quite right as to the fact that labor power differs from steam power and other commodities; but he mistakes the difference. As we have seen; the momentous peculiarity of labor power is

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that, unlike all other marketable commodities, its supply is not checked when no more is wanted: it will be produced even when the producers are losing desperately by it. Marx's unsound analysis of wares and consequent error as to value blinded him to this; and he tried to account for the peculiarity of labor power by other differences which either do not really exist, or, like the specific differences in labor or in utilities, have no economic significance. Thus he pointed out that six hours' labor will prime a man to work twelve hours. But the same thing is true of a steam engine, from which he insists that no surplus labor, and consequently no surplus value, can be got. He cannot escape the parallel by saying that steam power is not human power; for that difference is one of the specific differences in the method of applying energy

which he expressly abstracted in his analysis of wares; and, besides, he states directly in his first chapter that "productive activity, if we leave out of sight its special form, is nothing but the expenditure of human labor power". Unless, by insisting on the ordinary interpretation of this statement, we dismiss it as false on the face of it, we must take it to mean that steam power is only a special form of human labor power: therefore "surplus" steam power, which, taking the word "surplus" in Marx's sense, is the hardest of hard facts, is surplus human labor power, and consequently produces surplus value. Yet Marx's whole theory of the origin of surplus value depends on the accuracy of his demonstration that steam power, machinery, etc., cannot possibly produce surplus value. If Marx were right, then a capital of £10,000, invested

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in a business requiring £9,000 for machinery and plant, and £1,000 for wages (or human labor power) would only return one ninth of the surplus value returned by an equal capital of which £1,000 was in the form of plant, and £9,000 in wage capital. As a matter of fact the "surplus value" from both is found to be equal. At this difficulty Mr. Frederick Engels is nothing abashed. He glories in it, and challenges all and sundry to solve it before he, by publishing the third book, reconciles that and many other irreconcilables. But his challenge only concerns the Marxites themselves; for the difficulty is created by the surplus value theory, and does not exist for those who have not adopted that theory. To them, the very name "surplus value" is a contradiction in terms; and to those of them who are Socialists the implication that what takes

place between the proprietors and the proletariat is an *exchange of wares*, is specially objectionable. The third book may reconcile the contradiction; but it will do so by practically recanting the errors of the first. This is said with the greater confidence because, even in this first book, Marx, as he goes on, leaves his own theorising far behind.

I must now leave the subject with a confession that I never took up a book that proved better worth reading than "Capital". It is unavoidable that the merits of the book should occupy a relatively insignificant space here; whilst, on the contrary, its errors occupy a relatively insignificant space in the book. In pointing out these errors, and so implying that Marx was fallible, I have incurred the risk of being accused, as I once was by an enthusiastic

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Marxite at a public meeting, of attempting to pooh-pooh Marx as an idiot. Undoubtedly I have taken a course somewhere between that and worshipping him as a God. To me it seems that his errors arose from several causes. He was a born materialist; and when he attempted to carve a theory with the tools of the born metaphysician, he cut his fingers. In his time, too, the germ of the truth about value lay in the old supply and demand theory, which was historically anti-popular, whereas the labor theory of Ricardo had a delusive air of being the reverse. Again, the question of the value of labor force was inseparable from the population question; and that, too, he disliked as a recognized staple of capitalist apologetics. This was prejudiced, doubtless; and it cost him the coveted secret of value; but he knew the condition of the

people; and his sympathies were too wide and his imagination too active to permit him to investigate economic subjects in the purely scientific spirit of Jevons. He would have been more or less than human if he could have written the history of capital with academic coolness. The Marxites who cannot bear to admit that a person named Jevons was right where Marx was wrong, may console themselves with the reflexion that a person named Young was right where Newton was wrong, and that Newton's reputation stands nevertheless.

I am strongly tempted to launch into a description of the extraordinary picture of modern industrialism which gives the book its main force and fascination; but I have already abused the indulgence of the editors beyond all reason in the matter of space. My last word for the present is—Read Jev-

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ons and the rest for your economics; and read Marx for the history of their working in the past, and the conditions of their application in the present. And never mind the metaphysics.

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VIII

BLUFFING THE VALUE THEORY

Bluffing the Value Theory

BY G. BERNARD SHAW

THE readers of *To-Day* must by this time be experts in the theory of value. First they had P. H. Wicksteed on the subject, then they had Shaw (me), then Wicksteed a second time, then Graham Wallas, then Hyndman, and now Shaw again. It began by Wicksteed saying that Marx was wrong and Jevons right, whereupon I contended that Marx was right and Wicksteed wrong, to which Wicksteed replied that I was wrong and Jevons right, Wallas com-

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ing in after a long interval with the suggestion that Marx and Jevons were equally right, and provoking Hyndman to declare that not only Wicksteed, myself and Wallas, but the whole of the English race save himself and two others are wrong. In revenge, I now propose to shew that Hyndman does not know what we were disputing about, or, to put it less curtly—for why should we not spare one another's feelings as much as possible?—that he does not, never did, and probably never will, understand either Marx's or Jevons's theory of value.

The fact is, this is a personal matter with me. When the controversy arose, I, a helpless novice in economics, was thrust upon the Jevonian bayonets with no better defense than my mother wit and such literary adroitness as I had picked up profes-

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sionally. I protested that I knew nothing about it, and that Hyndman, who was then at the head of the Socialist movement in London, was the proper person to undertake it. For he, professing himself an adept at the differential calculus, heaped scorn on Jevons' equations (which were perfectly unintelligible to me) and denounced him as a silly person who had announced the speedy exhaustion of our coal supply and referred commercial crises to the action of the sunspots. Clearly the hour and the man had come; and the man was Hyndman. But no: he would not waste time in squelching the presumptuous insect Wicksteed; and finally R. P. B. Frost, then one of the proprietors of this magazine, assured me as we stood among the tombs within the consecrated precinct of St. Paul's Cathedral, that if I did not do it he (Frost) must

do it himself. The threat prevailed; and I undertook to write "a comment" on Wicksteed's article on condition that he was to be offered fair space for a rejoinder if he survived to make one. All of which, including the survival of Wicksteed in robust health, came to pass in due course.

The controversy now passed from the pages of *To-Day* to the meetings of the Hampstead Historic Club, which was at first a Marxist reading party at the house of Arthur Wilson. A young Russian lady used to read out "Capital" in French to us until we began to quarrel, which usually occurred before she had gone on long enough to feel seriously fatigued. The first chapters in particular were of extraordinary efficacy in setting us by the ears. F. Y. Edgeworth as a Jevonian, and Sidney Webb as a Stuart Millite, fought the Marxian value

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theory tooth and nail; whilst Belfort Bax and I, in a spirit of transcendent Marxism, held the fort recklessly, and laughed at Mill and Jevons. The rest kept an open mind and skirmished on either side as they felt moved. In these wars, where I suffered many a bruise in defence of an untenable position, Hyndman had no part; neither then nor since did he make any contribution to the hard-fought economic discussions by which we educated ourselves and each other in scientific Social Democracy. As a man who had nothing more to learn, he despised Jevons in the tranquil distance, occasionally fingering his coal and sunspots fantasia in the columns of *Justice*. The controversy raged at Hampstead until Bax shook the dust of the heath off his boots; and the Historic Club, having had enough of impassioned disputes as to whether the

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value of Mrs. Wilson's vases was fixed by the labour socially necessary to produce them, by their cost of production on the margin of cultivation, or by the "final utility" of the existing stock of vases, insisted on passing to the later chapters and dropping the subject.

On the 18th February, 1887, at the Freemason's Tavern, Hyndman delivered to the Fabian Society an address on Karl Marx. By that time the canker of infidelity in me, which had first taken the shape of refusing to pooh-pooh Wicksteed as an idiotically perverse bourgeois, had grown to such an extent that I was now as obstinate a heretic as any of the other 34,999,997 inhabitants of these islands who, according to Hyndman, have not grasped Marx. Consequently, in the debate which followed his address, I drew attention to

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the flaw in the value theory; and Webb, if I recollect rightly, pointed out the silence of the published volume of "Das Kapital" as to the sub-divisions of surplus value. Whereupon Hyndman rent his clothes (so to speak); cried out that we had spoken blasphemy; accused us of believing in our hearts that Marx was a fool; conclusively shewed that the thing called surplus value existed (which nobody had questioned); and finally, by a brilliant inspiration, delivered at great length a crushing paraphrase of Marx's chapter on absolute and relative surplus value, which deeply impressed the befogged audience, but which had much less to do with the point at issue than the sunspots have to do with commercial crises. Those who had been in the wars now perceived that Hyndman was a baby in the value controversy, and a re-

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markably petulant baby, too. Subsequently, when the English translation of "Capital" appeared, the danger of allowing the public to believe that Socialism, or even Marx's own historical and social generalizations, stood or fell with his chapters on value, became so serious that an untimely attack of sunspots on Hyndman's part exasperated me to the point of falling on him furiously in a correspondence in the *Pall Mall Gazette*, (May 1887). I then published a review of "Capital" in the *National Reformer* (Aug. 7th, 14th and 21st, 1887), in which I dealt elaborately with the flaw in the value theory. To this there was no reply from Hyndman or from the twain who alone beside himself have "grasped the full meaning of Marx's investigations." The review still remains to be answered. As it is signed by the only person who replied to

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Wicksteed's original article, that, too, can no longer be considered as disposed of.

The next eruption—a slight one—was provoked by a lecture of mine on “Rent of Ability”, delivered on the 16th June, 1887, to the Bloomsbury Branch of the Socialist League, now the independent Bloomsbury Socialist Society. Dr. Edward Aveling, taking exception to my treating the value of skilled labour as determined by supply and demand, put forward the Marxian view of value in a separate lecture on the 4th August: the present editor of this magazine forming with me the opposition on the occasion. Then the matter dropped until the other day, when Wicksteed published his *Alphabet of Economic Science* “to explain the meaning and demonstrate the truth of the proposition that the value in use and the value in exchange of any commodity

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are two distinct, but connected, functions of the quantity of the commodity possessed by the persons or the community to whom it is valuable." *Justice* played a brief but frantic variation on the old sunspot theme, but did not venture to argue. Then came Wallas's article in the March *To-Day*, and the editor's invitation to Hyndman to break silence at last and smash the heresy towards which he had for years borne himself with such unrelenting contempt.

With Hyndman's article before me, and the scars of my very instructive campaigning but recently healed, I should be more than mortally magnanimous if I could restrain a chuckle at his expense. Not that I dissent from it very largely. Like the celebrated discourse on absolute and relative surplus value, it consists for the chief part

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of restatement of matters which are not and never have been in question among Socialists, and which are only affected by the Jevonian theory in respect of its placing them on a complete theoretic basis. As to what actually is in question, I do not feel bound to inflict it here at great length on the reader. Jevons's "*Theory of Political Economy*" and his controversy with Cairnes, Wicksteed's article in *To-Day* for October, 1884 and his "*Alphabet of Economic Science*" (Macmillan, 1888), my review in the *National Reformer* and the Fabian Essay on the "Economic Aspect of Socialism" (*Our Corner*, December, 1888) are all extant and written in very choice English for the enlightenment of those who care to know the exact point under discussion, or to reassure themselves that Marx's indictment of individualism is in-

dependent of Marx's theory, right or wrong. However, I take the opportunity to throw out two general remarks.

1. I believe that Newton's theory of light was unsound. But I do not therefore affirm that the phenomena which he sought to explain by his theory do not exist, or that all his theories were fallacious and his statements false. For instance, I do not believe that a mixture of blue and yellow paint will be orange, or that if I jump out of a window I shall soar Baldwin-like to the skies. Nor—such is the perversity of the human intellect—do I even believe that Newton, generally speaking, was an ass, or that Young, who upset his theory of light, was a man of superior genius. In the same inconsistent way I believe that Marx's theory of value was unsound, and that Jevons upset it; and yet I do not,

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with Hyndman's powerful logic, proceed to infer that Marx was an idiot, "Das Kapital" a tissue of nonsense, Socialism an illusion, Jevons immensely Marx's superior, and commercial crises the direct outcome of spots on the sun. I am quite willing to allow, in the handsomest manner, that Marx was the Aristotle of the nineteenth century. But since Hyndman, to my personal knowledge, pretends to know better than Aristotle on one or two points, I expect him to acquit me of presumption in pretending to know better than Marx on the point of value.

2. I cannot admit that facts fatal to a theory can be rendered innocuous to it by a simple statement that the author "never doubted them for a moment." It is by no means safe to conclude that Marx did not know that his theory, as he left it in the

first volume of "Capital", would not hold water. Friedrich Engels himself, in his preface to the second volume (Hamburg, 1885) actually challenges those who claim that Rodbertus was the real originator of the value theory, to solve on Rodbertian lines the contradiction into which the published part of "Capital" leads us: namely, that though, according to the theory, human labour can create surplus value and machinery cannot, yet as a matter of fact the exploitation of a capital of say £10,000, consisting of £1,000 variable capital (wages) and £9,000 constant capital (machinery &c.), will return no less surplus value than the same sum invested as £9,000 variable and £1,000 constant capital. Engels declares that the solution is in the third and final volume of "Capital"; but he sarcastically suggests that those who

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know all about the value theory already from Rodbertus or others had better prove their insight by settling this difficulty before the third volume appears. Yet Engel's authority is appealed to and his words largely quoted in the very article in which Hyndman implies that there is no difficulty, no unsolved contradiction, by maintaining that the theory as developed in the published volumes is a masterkey to all the economic phenomena of capitalism. Let it be understood, then, that Engels, the arch Marxist, confirms Wicksteed and contradicts Hyndman as to the incompleteness and insufficiency of the theory as far as either of them is in possession of it. Wicksteed, detecting the contradiction, rejects the theory and replaces it, without essential damage to Marx's superstructure, by a more modern analysis of value which

leaves nothing to be accounted for. Engels has the privilege of access to the solution in the mysterious third volume. But what shall we say to Hyndman, who offers us his complete innocence of there being any hitch in the Marxian synthesis as an example of his "thorough comprehension of the teachings of a man of genius"?

After so much preliminary skirmishing, it will perhaps be expected that I should now take the field fairly on the main issue. But there is no enemy to engage; for Hyndman has not dealt with Jevons; and his attempt "to re-state briefly Marx's theory of value", is somewhat marred by the omission of Marx's part of it. "To begin with," he says, "Marx is by no means the originator of the theory that labour—the cost of production in human labour—is the basis of the exchange value of commodi-

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ties. No political economist of any note has ever disputed this"—on my honour this is not a misquotation—"as far as I know." And so, "to begin with", Marx's theory is not Marx's at all. What does Friedrich Engels say to this old-fashioned attempt to shew that Marx's value theory is simply that of Adam Smith and Ricardo? Must I, after all, vindicate the originality of Marx against Hyndman by challenging him to name any writer who anticipated Marx in that analysis of commodities by which he derived his peculiar theory of value, an analysis which is fundamental in the theoretic chapters of the first part of "Capital"?

Here is Marx's theory. The exchange of one commodity for another implies that the two must be commensurable, as otherwise it would be impossible to determine the proportions in which they should ex-

change. Commodities being of the most diverse sorts—brandy and bibles is an instance given by Wicksteed—their common measure is not at the first blush obvious. But a common measure they evidently have, since they are exchanged daily. Marx, in search of it, sets about an analysis of commodities as follows. Take the two suggested by Hyndman, boots and tables. Both are useful: both are products of labour. Are they commensurable in respect of their usefulness? Apparently not; for they are used for different purposes: you cannot say that so much foot protection is worth so much dinner supporting (for the life of me I cannot see why not; but this analysis is Marx's, not mine). Since they are not commensurable in point of utility, are they so in point of their cost in labour? *Specifically*, the labour, too, is disparate:

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one is bootmaking, the other tablemaking. But what if we carry the analysis a step further, and abstract from the specific character of the labour? We then have remaining "abstract human labour", expenditure of energy, decomposition of tissue, common to both bootmaking and tablemaking. Here, then, is the common element by which you can determine how many pairs of boots are worth a mahogany table. For the rest, see Hyndman, who begins exactly where the controversy leaves off, and naturally finds his way so delightfully smooth that he is astonished at our stupidity in not ambling along with him.

For, of course, the question that has arisen is why the process of reducing the bootmaking and tablemaking to abstract human labour by waiving its specific character was not applied also to the boots' and

tables' utilities. Waive also their specific use as foot coverings and dinner supporters; and you have their abstract desirability, their common property of serving human needs. This abstract desirability is the true basis, ground, substance, final cause, efficient cause—what you please—of value. It exists before the commodity itself exists, and is the cause of the commodity being produced and of labour being expended on it. And whilst it remains constant, no alteration of the labour time socially necessary to produce the commodity can alter its exchange value one jot. Hyndman (p. 97) explains a hypothetical fall in the value of boots thus:—"Somebody has invented a machine or some new method, whereby with a less expenditure of labour-force articles of equal utility can be produced." In penning this sentence he has

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committed economic suicide. The phrase "equal utility" damns him deeper than he has ever damned Jevons. Not until machinery has increased the stock of a commodity to the point at which purchasers are so well furnished that further supplies are less desired by them, does the value fall. I forbear elaboration.

There is another consideration which is omitted, probably on purpose, in Marx's first volume, with results to those who swear by Marx, the whole Marx (bar volume 3), and nothing but Marx, which may be seen in Hyndman's desperately wide shot on page 61 at the meaning of a simple sentence of Wallas's. Commodities of the same kind and value are products, not only of labour force, but of raw material which varies greatly in accessibility and adaptability, as every farmer and mine owner

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knows. Under Socialism we should obtain these for their average cost of production¹; but individualistic free competition can never permanently reduce the prices of manufactured goods below the cost of their production from the least accessible and most refractory raw materials in use: the resultant profit to the proprietors of the more favourable raw material being economic rent, the main source of "surplus value." Without a thorough grip of this factor it is impossible to defend Socialism on economic grounds against rival systems. For example, neither Co-operation nor Individualist Anarchism are a bit the worse for Hyndman's abusive repetitions

¹ This, I take it, is why Marx, instead of, like Ricardo, treating rent as fundamental, postpones it to his third volume as a mere incident of private appropriation of raw material.

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and paraphrases of "Capital", whereas they will not bear criticism on Ricardian lines.

To sum up, Marx's original and distinctive theory of value is challenged because it is founded on an analysis of commodities which, though designed to ascertain the points in which they are commensurable, takes into account only one of those points, *i.e.*, their character as products of abstract human labour. It is alleged that they are equally commensurable in point of abstract utility, and that in practice the comparison made between commodities with a view to exchange is not a comparison of their cost in abstract human labour, but of their abstract desirability. Further, it is pointed out that Marx's postponement of the consideration of commodities of the same kind and price as products of raw

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material of varying fertility, makes his theory, at the stage finished by the published portion of "Capital", useless as a key to existing industrial phenomena, and would, if rigorously applied, actually disprove the possibility of "surplus value."

In conclusion, I claim great credit for the moderation of my tone, under heavy provocation, towards our fractious but perennially interesting friend Hyndman. Whether I regard his blank ignorance of the very nature of the controversy, or the reckless insolence of his allusions to it, I cannot but admire the indulgence with which we pass over the pseudo-Marxisms which he occasionally launches, in the name of Social Democracy, from his St. Helena at Blackfriars Bridge. The value theory which was worked out here by Jevons in 1871, has swept the old labour theory out

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of the field in England, Austria, Holland and Switzerland, and is gaining ground everywhere. Hyndman declares it absurdly silly. He could place himself in the very first rank of economic critics by proving it so. Are we to understand that he is restrained by modesty? A third edition of Jevons's Theory comes out; and he does not review it. Wicksteed publishes an admirable exposition of it in a popular form, and is insulted, but not reviewed, in *Justice*. Wallas reviews Wicksteed, and is told that his allusion to economic rent is discreditable to a writer and lecturer on Scientific Socialism, a censure which is based upon a perfectly irrelevant quotation from Marx, considerately followed by the stupendous suggestion that "possibly it may be the phenomena attendant upon money and consequently on prices which

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confuse so many writers on the subject.” Possibly it is; for one of the phenomena attendant upon money is an indisposition to take trouble, and a propensity to despise one’s more laborious fellow creatures.

Let me in conclusion explain that I do not accuse Carl Marx of Marxism, and that I think he deserved something worthier from his pupils than idolatry.

G. BERNARD SHAW



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